

For Discussion
On 5 December 2000

Legislative Council on Environmental Affairs

Waste Disposal Ordinance (Chapter 354) **Amendments to the Waste Disposal (Refuse Transfer Station) Regulation**

Purpose

This paper invites Members' comments to amend the Waste Disposal (Refuse Transfer Station) Regulation (Cap. 354) to

- (a) enable the Island West Transfer Station to accept municipal solid waste delivered by private waste collectors;
- (b) enable the Island West Transfer Station to charge private waste collectors \$40 per tonne for handling municipal solid waste;
- (c) reduce the charge of the Island East Transfer Station to \$40 per tonne; and
- (d) reduce the charge of the West Kowloon Transfer Station to \$30 per tonne.

Background

2. A refuse transfer station (RTS) is a facility that compacts municipal solid waste for bulk transport to a landfill. There are currently seven RTSs. They are the Island East Transfer Station (IETS), Island West Transfer Station (IWTS), West Kowloon Transfer Station (WKTS), Kowloon Bay Transfer Station, Shatin Transfer Station, North Lantau Transfer Station (NLTS) and the Outlying Island Transfer Facilities (OITF). A map showing the distribution of the RTSs is at the Annex. This network helps achieve a balanced distribution of waste to the landfills and reduces the traffic burden and environmental problems caused by long haulage of waste collection vehicles.

3. The Environmental Protection Department (EPD) hires contractors to operate the RTSs. The contractors are paid according to the waste intake and

the schedules of payment in the operation contracts.

4. Prior to the opening of the IWTS, WKTS and NLTS, the capacities of RTSs were rather tight and were only sufficient to handle waste delivered by Government refuse collection vehicles. With the commissioning of the three RTSs in 1997 and 1998, the RTS network began to have capacity to handle privately collected waste. IETS, WKTS, NLTS and OITF were opened to private waste collectors in 1998. Because of their own specific circumstances, the other three RTSs have not been opened¹ to private waste collectors.

RTS Charges

5. To tie in with the above developments, a charging scheme has been put in place. The Waste Disposal (Refuse Transfer Station) Regulation (Cap. 354) sets out, inter alia, the rates payable for the waste handled by IETS, WKTS and NLTS. The rates are based on the additional cost for handling the waste delivered by private waste collectors. A peak hour charge was also introduced to avoid congestion in the morning. No charge was levied for the use of OITF as there is no alternative disposal option at outlying islands.

Need for Revision

6. In 1999, about 9,270 tonnes of municipal solid waste were disposed of at landfills everyday. About one-third was collected by private waste collectors. However, only about 107 tonnes (3.4%) were delivered through RTSs. At the same time, the RTSs, which have a total design capacity of 8,500 tonnes each day, are handling about 5,120 tonnes i.e. 60% of its capacity only. There is therefore scope for improving the utilization rate of RTSs.

Rationale for Rate Reduction

7. Use of the RTSs is entirely voluntary. A private waste collector would only use the service of an RTS if the cost is lower than that of delivering the waste to landfills direct. It will thus be necessary to reduce the RTS charges if we wish to attract more private waste collectors to use RTSs. At

¹ IWTS was not opened because the capacity of adjoining roads was not sufficient to meet the increased number of waste collection vehicles. Shatin Transfer Station was not opened because it did not have spare capacity. Kowloon Bay Transfer Station was not opened because it was near to SENT and the charge would need to be very low to attract private waste collectors to use it. This would lead to additional costs to taxpayers. As the waste handled at Kowloon Bay would not be delivered to WENT, there would not be any cost savings as in the case of IETS, IWTS and WKTS mentioned in paragraph 8 below.

the same time, we need to ensure that any rate reduction would not lead to additional cost to be borne by taxpayers.

8. A further dimension to the charging level is the different operating costs of the landfills. Briefly, the operating cost at the Southeast New Territories (SENT) Landfill is slightly higher than that at the West New Territories (WENT) Landfill². Because waste handled at IETS and WKTS are delivered to the WENT Landfill, increased diversion from SENT Landfill to these two RTSs would mean a corresponding diversion of waste from SENT Landfill to WENT Landfill. This in turn would mean cost savings to the Government, and also reduction of the pressure of SENT Landfill, which is the earliest landfill that will be filled up.

9. We therefore propose to reduce the charges of IETS and WKTS to \$40 and \$30 per tonne respectively. There would be a decrease in revenue because of the lower charges and the higher costs in servicing the private waste collectors at RTSs. However, this can be offset by both the increase in revenue through a higher patronage at the two RTSs and from the savings arising from the switch from SENT to WENT Landfill.

10. The opportunity was also taken to review the effectiveness of the peak hour surcharge. Past records show that the higher charges at peak hours do not deter users from using the service in the morning. Also, the operation of Government refuse collection vehicles are not affected even when private waste collectors use the service during peak hours. Accordingly, we recommend to dispense with the peak hour and non-peak hour charge differential.

Reasons for Opening up IWTS

11. The IWTS was commissioned in 1997. It has a design capacity of 1,000 tonnes per day, and is currently operating at about 50% of its capacity. The waste handled at IWTS are delivered to the WENT Landfill. It was not opened to private waste collectors because the adjacent road network had not yet been completed then and was not able to cope with a higher traffic load. The road improvement works have now been completed. Therefore, considering its waste handling capability, the improved traffic capacity and the resulting diversion of waste from the SENT Landfill to WENT Landfill, we consider it appropriate to open the IWTS to private waste collectors. We also propose to set its charge at the same level as the IETS³.

² The operating costs of landfills vary from month to month because of the changes in the waste intake. On average, the operating costs per tonne at SENT Landfill and WENT Landfill are \$59 and \$52 respectively.

³ With the same charging level, private waste collectors on Hong Kong Island will choose the transfer station

Implications on Landfill Charges

12. The RTS charge is a service charge for using the service of RTSs only. It does not cover any landfill disposal charges. RTS users will need to pay the landfill charge on top of the RTS charge when the landfill charging scheme is in place⁴.

Amendment to Waste Disposal (RTS) Regulation

13. The above proposals can be implemented by amending the Schedule to the Waste Disposal (Refuse Transfer Station) Regulation.

Environmental Benefits

14. RTSs are used to transfer waste in bulk to the three landfills, and they are designed and operated to very high environmental standards. The use of the RTSs will lead to much shorter haulages of waste collection vehicles, which will in turn reduce the environmental problems of these vehicles on roads. The traffic burden of roads in the vicinity of landfills can also be reduced.

Financial Implication

15. With the reduction in charges at IETS and WKTS, and the opening of IWTS to the private waste collectors, the overall utilisation of RTSs will increase. We expect that the revenue from the increased utilization and the cost savings arising from the diversion of waste from SENT to WENT Landfill would offset the revenue loss arising from the fee reduction.

Consultation

16. The Hong Kong Kowloon & NT Refuse Collection Vehicle Owners' Union and the Environmental Contractors Management Association have been consulted. Both associations welcome the proposal to reduce the RTS charges. The Central and Western District Council was consulted on 19 October 2000 on the proposal to open the IWTS to private waste collectors. While it has not

that is nearer. This will help achieve the objective of reducing the haulage of waste collection vehicles on urban roads.

⁴ Details of the landfill charging scheme are being worked out in consultation with the relevant trades.

raised objection to the proposal, it has asked for a review of the situation after the scheme is in operation for 3 to 6 months.

Recommendations

17. We recommend that
- (a) the charge of IETS be reduced from \$85 (peak hours) and \$60 (non-peak hours) to \$40 per tonne (paragraph 9);
 - (b) the charge at WKTS be reduced from \$65 (peak hours) and \$50 (non-peak hours) to \$30 per tonne (paragraph 9);
 - (c) the IWTS be open to private waste collectors (paragraph 11);
 - (d) the charge at IWTS be set at \$40 per tonne (paragraph 11); and
 - (e) the Schedule to the Waste Disposal (Refuse Transfer Station) Regulation be amended to effect these changes (paragraph 13).

We plan to implement the proposal in early 2001.

Advice Sought

18. Members are invited to advice on the recommendations in paragraph 17 above.

Environment and Food Bureau
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