

LEGISLATIVE COUNCIL BRIEF

Waste Disposal Ordinance
(Chapter 354)
Water Pollution Control Ordinance
(Chapter 358)

**WASTE DISPOSAL (PERMITS AND LICENCES) (FORMS AND FEES)
(AMENDMENT) REGULATION 2000
WASTE DISPOSAL (CHEMICAL WASTE) (GENERAL)
(AMENDMENT) REGULATION 2000
WATER POLLUTION CONTROL (GENERAL)
(AMENDMENT) REGULATION 2000**

INTRODUCTION

At the meeting of the Executive Council on 7 November 2000, the Council ADVISED and the Chief Executive ORDERED that -

- (a) the Waste Disposal (Permits and Licences) (Forms and Fees) (Amendment) Regulation 2000, at Annex A, and the Waste Disposal (Chemical Waste) (General) (Amendment) Regulation 2000, at Annex B should be made under section 33 of the Waste Disposal Ordinance (WDO) (Chapter 354); and
- (b) the Water Pollution Control (General) (Amendment) Regulation 2000, at Annex C should be made under section 46 of the Water Pollution Control Ordinance (WPCO) (Chapter 358).

BACKGROUND AND ARGUMENT

Fees and charges revision

2. It is Government policy that fees should in general be set at levels sufficient to recover the full cost of providing the services. Most Government fees and charges have been frozen since February 1998 as an exceptional measure to ease the burden on the community at a time of economic setback. The Financial Secretary decided in June 1999 to continue the fee revision moratorium until the year-on-year quarterly Gross Domestic Product growth rate turned firmly positive. In view of the current state of economic recovery, the Administration consulted the Legislative Council Panel on Financial Affairs on 13 April 2000 on proposals to revise various fees that would not directly affect people's livelihood or general business activities. In view of the diverse nature of the fees involved, members suggested and the

Legislative Council House Committee agreed on 14 April 2000 that the Administration should consult the relevant subject Legislative Council Panels on whether and if so how the fees under their respective purview should be adjusted.

3. In this connection, we consulted the Legislative Council Panel on Environmental Affairs on 2 June 2000 on the proposal to revise the fees under the WDO and the WPCO. Members of the Panel did not raise any objection to the proposed fee revision. The existing and proposed fees are summarized at Annex D.

Fee items under the WDO

4. The existing fees under the WDO were last revised in January 1998. A recent costing review conducted at 2000-01 prices shows that fourteen fees require adjustment. They cover application and renewal of waste collection and disposal licences, and permits for import and export of waste under Schedule 2 to the Waste Disposal (Permits and Licences) (Forms and Fees) Regulation; and registration as a waste producer and issue of a certified copy of an entry in the register under section 7(5) of the Waste Disposal (Chemical Waste) (General) Regulation. To achieve full-cost recovery of the services at 2000-01 prices, we propose to adjust three fees upward by 1% and adjust the other eleven fees downward by 1% to 64%. The cost computations are set out at Annexes E and F.

Fee items under the WPCO

5. The licence fees were last revised in January 1998 in accordance with a phasing-in programme based on the increase in cost recovery rate aiming at achieving full cost recovery between 1999/00 and 2004/05. However, the licence fees for discharge or deposit from domestic premises and discharge or deposit from industrial, institutional or commercial premises of domestic sewage are classified as “subsidized fees” which are set at 20% of the cost. We propose the following adjustments:

- The licence fees for discharge or deposit from domestic premises and for discharge or deposit from industrial, institutional or commercial premises of domestic sewage will be maintained at subsidized levels and will be decreased by 64% due to cost savings brought about by extensive computerisation in the licence application process.
- The licence fees for discharge or deposit from certain industrial, institutional or commercial premises –
 - (a) for discharges of low flow rate - will be increased by 10% to 15% with full cost recovery phased in over 3 years;
 - (b) for discharges of medium flow rate - will be increased by 5% and full cost recovery phased in over 2 years (for new applications) or decreased by 9% (renewal applications) based on the full cost at 2000/01 prices; and

(c) for discharges of high flow rate - decreased by 40% to 44% based on the full cost at 2000/01 prices. (Again, this is due to cost savings brought about by extensive computerisation in the licence application process.)

- The licence fees for discharge or deposit from domestic sewage treatment plants will be decreased by 26% to 32% based on the full cost at 2000/01 prices.

The cost computations are at Annex G.

THE REGULATIONS

6. The Amendment Regulations are at Annexes A to C. The major provisions are as follows –

- (a) Waste Disposal (Permits and Licences) (Forms and Fees) (Amendment) Regulation 2000
Section 2 revises the fees payable for permits and licences for the import, export, collection and disposal of waste.
- (b) Waste Disposal (Chemical Waste) (General) (Amendment) Regulation 2000
Section 2 decreases the fees for registration of a waste producer and for a certified copy of an entry in the register.
- (c) Water Pollution Control (General) (Amendment) Regulation 2000
Section 2 revises the fees payable in relation to the matters mentioned in the Third Schedule to the Water Pollution Control (General) Regulations (Cap. 358 sub. leg.).

LEGISLATIVE TIMETABLE

7. The legislative timetable will be –

Publication in the Gazette	10 November 2000
Table of legislation in the Legislative Council	15 November 2000
Commencement of Amendment Regulations	22 December 2000

BASIC LAW IMPLICATIONS

8. The Department of Justice advises that the Amendment Regulations are consistent with the Basic Law.

HUMAN RIGHTS IMPLICATIONS

9. The Department of Justice advises that the Amendment Regulations have no human rights implications.

BINDING EFFECT OF THE LEGISLATION

10. The amendments will not affect the current binding effect of the Ordinances.

FINANCIAL AND STAFFING IMPLICATIONS

11. The implementation of the new fees will reduce Government revenue by about \$156,000 per annum. There are no staffing implications.

ECONOMIC IMPLICATIONS

12. Those items with proposed fee increases should carry little cost impact on the businesses concerned. For those items with proposed fee reduction, the existing cost impact, whatever the magnitude is, would be reduced.

EFFICIENCY INITIATIVES

13. To provide a more efficient service to the public, the Environmental Protection Department (EPD) has already implemented efficiency improvement measures over the past years. For this reason, many of the fee items can now be adjusted downward. The department will continue to undertake necessary measures to -

- (a) contain costs by continuing to implement the Enhanced Productivity Programme and taking other productivity improvement measures; and
- (b) review whether it is still necessary to provide the various services that require payment of fees and charges.

ENVIRONMENTAL IMPLICATIONS

14. The recovery of costs is consistent with the "polluter pays" principle. There are no environmental implications.

PUBLIC CONSULTATION

15. The Legislative Council Panel on Environmental Affairs was consulted on 2 June 2000. Members did not raise any objection to the proposed fee revision. The Advisory Council on the Environment was consulted on 30 October 2000. Members have no objection to the proposals.

PUBLICITY

16. A press release will be issued on 8 November 2000. A spokesman will be made available to answer media enquiries.

ENQUIRIES

17. Any enquiry about this brief can be directed to Mr Daniel Sin, Assistant Secretariat for the Environment and Food at 2136 3315.

**Environment and Food Bureau
November 2000**

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ANNEXES

- Annex A - Waste Disposal (Permits and Licences) (Forms and Fees) (Amendment) Regulation 2000
- Annex B - Waste Disposal (Chemical Waste) (General) (Amendment) Regulation 2000
- Annex C - Water Pollution Control (General) (Amendment) Regulation 2000
- Annex D - Comparison of the existing and proposed fees
- Annex E - Cost computation under the Waste Disposal (Permits and Licences) (Forms and Fees) Regulation
- Annex F - Cost computation under the Waste Disposal (Chemical Waste) (General) Regulation
- Annex G - Cost computation under the Water Pollution Control (General) Regulations

Comparison of the Existing and Proposed Fees

Schedule 2 to the Waste Disposal (Permits and Licences) (Forms and Fees) Regulation

<u>Item</u>	<u>Particular</u>	<u>Existing Fee</u> \$	<u>Proposed Fee</u> \$
1A.	Permit required for the import of waste into Hong Kong referred to in section 20A(1) of the Ordinance -		
	(a) for a single shipment of waste	11,500	11,595
	(b) for multiple shipments of waste	18,680	18,430
1B.	Permit required for the export of waste from Hong Kong referred to in section 20B(1) of the Ordinance -		
	(a) for a single shipment of waste	11,500	11,595
	(b) for multiple shipments of waste	18,680	18,430
1.	Waste collection licence referred to in section 21(1) of the Ordinance		
	(a) for provision of a waste collection service -		
	(i) upon application for a new licence	21,190	19,270
	(ii) upon application for a renewal of a licence under section 23(2) of the Ordinance	10,600	9,320
	(b) for collection of waste produced by the licensee -		
	(i) upon application for a new licence	4,890	4,530
	(ii) upon application for a renewal of a licence under section 23(2) of the Ordinance	2,450	2,465
2.	Waste disposal licence referred to in section 21(2) of the Ordinance		
	(a) for provision of a waste disposal service -		
	(i) upon application for a new licence	38,880	29,820
	(ii) upon application for a renewal of a licence under section 23(2) of the Ordinance	19,440	14,840
	(b) for disposal of waste produced by the licensee -		
	(i) upon application for a new licence	3,760	2,915
	(ii) upon application for a renewal of a licence under section 23(2) of the Ordinance	1,880	1,510

Section 7(5) of the Waste Disposal (Chemical Waste) (General) Regulation

<u>Item</u>	<u>Particular</u>	<u>Existing Fee</u>	<u>Proposed Fee</u>
		\$	\$
-	Registration fee	325	265
-	Certified copy of an entry in the register	165	60

Third Schedule to the Water Pollution Control (General) Regulations

<u>Item</u>	<u>Particular</u>	<u>Existing Fee</u>	<u>Proposed Fee</u>
		\$	\$
1.	Discharge or deposit from industrial, institutional or commercial premises -		
(a)	for a new licence, except at the expiry of a licence granted under section 15 of the Ordinance, or variation of a licence -		
(i)	where the flow rate does not exceed 10 cubic metres per day	1,120	1,290
(ii)	where the flow rate exceeds 10 cubic metres but does not exceed 30 cubic metres per day	1,400	1,470
(iii)	where the flow rate exceeds 30 cubic metres per day	2,960	1,655
(b)	for renewal of a licence, or a new licence at the expiry of a licence granted under section 15 of the Ordinance -		
(i)	where the flow rate does not exceed 10 cubic metres per day	670	735
(ii)	where the flow rate exceeds 10 cubic metres but does not exceed 30 cubic metres per day	890	810
(iii)	where the flow rate exceeds 30 cubic metres per day	1,350	810
1A.	Discharge or deposit from industrial, institutional or commercial premises of domestic sewage only	305	110
2.	Discharge or deposit from a domestic sewage treatment plant -		
(a)	for a new licence, except at the expiry of a licence granted under section 15 of the Ordinance, or variation of a licence	4,700	3,480
(b)	for renewal of a licence, or a new licence at the expiry of a licence granted under section 15 of the Ordinance	2,140	1,455

<u>Item</u>	<u>Particular</u>	<u>Existing Fee</u>	<u>Proposed Fee</u>
		\$	\$
3.	For a new licence or variation or renewal of a licence in the case of discharge or deposit from domestic premises	305	110
4.	For the issue of a certified copy of an entry in the register under section 42(3) of the Ordinance	165	60

COST COMPUTATION

ENVIRONMENTAL PROTECTION DEPARTMENT

Fees under the Waste Disposal (Permits and Licenses) (Forms and Fees) Regulation
(Cost at 2000-01 Prices)

	(1)	(2)	(3)	(4)	(5)	(6)
	\$	\$	\$	\$	\$	\$
Staff Costs	10,279	49,361	10,279	49,361	85,055	221,504
Departmental Expenses	596	2,627	596	2,627	5,520	14,841
Accommodation Costs	416	1,849	416	1,849	3,271	8,745
Depreciation	4	17	4	17	29	76
Cost of Services Provided by Other Departments	18	89	18	89	153	398
Central Administrative Overhead	280	1,344	280	1,344	2,315	6,029
Total Cost	<u>11,593</u>	<u>55,287</u>	<u>11,593</u>	<u>55,287</u>	<u>96,343</u>	<u>251,593</u>
Estimated number of cases	1	3	1	3	5	27
Unit Cost at 2000-01 prices (\$)	11,593	18,429	11,593	18,429	19,269	9,318
Existing fee (\$)	11,500	18,680	11,500	18,680	21,190	10,600
Proposed fee (\$)	11,595	18,430	11,595	18,430	19,270	9,320

Legend

- (1) Application for permit for the import of a single shipment of waste into Hong Kong under section 20A(1) of the Ordinance
- (2) Application for permit for the import of multiple shipments of waste into Hong Kong under section 20A(1) of the Ordinance
- (3) Application for permit for the export of a single shipment of waste from Hong Kong under section 20B(1) of the Ordinance
- (4) Application for permit for the export of multiple shipments of waste from Hong Kong under section 20B(1) of the Ordinance
- (5) Application for licence for provision of waste collection service under section 21(1) of the Ordinance
- (6) Renewal of licence for provision of waste collection service under section 23(2) of the Ordinance

COST COMPUTATION

ENVIRONMENTAL PROTECTION DEPARTMENT

Fees under the Waste Disposal (Permits and Licenses) (Forms and Fees) Regulation
(Cost at 2000-01 Prices)

	(7)	(8)	(9)	(10)	(11)	(12)
	\$	\$	\$	\$	\$	\$
Staff Costs	4,028	21,866	26,385	105,039	2,575	12,033
Departmental Expenses	235	1,359	1,641	6,637	164	758
Accommodation Costs	147	766	1,019	3,969	100	465
Depreciation	1	7	9	36	1	4
Cost of Services Provided by Other Departments	7	39	47	189	5	22
Central Administrative Overhead	110	595	718	2,859	70	328
Total Cost	<u>4,528</u>	<u>24,632</u>	<u>29,819</u>	<u>118,729</u>	<u>2,915</u>	<u>13,610</u>
Estimated number of cases	1	10	1	8	1	9
Unit Cost at 2000-01 prices (\$)	4,528	2,463	29,819	14,841	2,915	1,512
Existing fee (\$)	4,890	2,450	38,880	19,440	3,760	1,880
Proposed fee (\$)	4,530	2,465	29,820	14,840	2,915	1,510

Legend

- (7) Application for licence for collection of waste produced by the licensee under section 21(1) of the Ordinance
- (8) Renewal of licence for collection of waste produced by the licensee under section 23(2) of the Ordinance
- (9) Application for licence for the provision of waste disposal service under section 21(2) of the Ordinance
- (10) Renewal of licence for provision of waste disposal service under section 23(2) of the Ordinance
- (11) Application for licence for disposal of waste produced by the licensee under section 21(2) of the Ordinance
- (12) Renewal of licence for disposal of waste produced by the licensee under section 23(2) of the Ordinance

COST COMPUTATION

ENVIRONMENTAL PROTECTION DEPARTMENT

Fees under the Waste Disposal (Chemical Waste) (General) Regulation
(Cost at 2000-01 Prices)

	(1) \$	(2) \$
Staff Costs	173,977	52
Departmental Expenses	11,533	3
Accommodation Costs	7,334	2
Depreciation	60	0
Cost of Services Provided by Other Departments	313	0
Central Administrative Overhead	4,736	1
Total Cost	197,953	58
Estimated number of cases	751	1
Unit Cost at 2000-01 prices (\$)	264	58
Existing fee (\$)	325	165
Proposed fee (\$)	265	60

Legend

- (1) Registration as waste producers under section 7(5) of the Regulation
- (2) Certified copy of an entry in the register of waste producer under section 7(5) of the Regulation

COST COMPUTATION

ENVIRONMENTAL PROTECTION DEPARTMENT

Fees under the Water Pollution Control (General) Regulations
(Cost at 2000-01 Prices)

	(1) \$	(2) \$	(3) \$	(4) \$	(5) \$
Staff Costs	1,987,188	307,745	238,802	47,505	10,078
Departmental Expenses	121,229	18,776	14,570	2,824	599
Accommodation Costs	78,748	12,196	9,463	1,839	390
Depreciation	680	105	82	16	3
Cost of Services Provided by Other Departments	3,572	553	430	85	18
Central Administrative Overhead	54,089	8,377	6,500	1,293	274
Total Cost	2,245,506	347,752	269,847	53,562	11,362
Estimated number of cases	1,356	210	163	66	14
Unit Cost at 2000-01 prices (\$)	1,656	1,656	1,656	812	812
Existing fee (\$)	1,120	1,400	2,960	670	890
Proposed fee (\$)	1,290*	1,470*	1,655	735*	810

Legend

- (1) Licence for discharge or deposit from industrial, institutional or commercial premises (flow rate not exceeding 10 cubic metres per day)
 - (2) Licence for discharge or deposit from industrial, institutional or commercial premises (flow rate exceeding 10 cubic metres per day but not exceeding 30 cubic metres per day)
 - (3) Licence for discharge of deposit from industrial, institutional or commercial premises (flow rate exceeding 30 cubic metres per day)
 - (4) Renewal of licence for discharge or deposit from industrial, institutional or commercial premises (flow rate not exceeding 10 cubic metres per day)
 - (5) Renewal of licence for discharge or deposit from industrial, institutional or commercial premises (flow rate exceeding 10 cubic metres per day but not exceeding 30 cubic metres per day)
- * Derived by multiplying the existing fees by an increase of 15%, 5% and 10% for item (1), (2) and (4) respectively.

COST COMPUTATION

ENVIRONMENTAL PROTECTION DEPARTMENT

Fees under the Water Pollution Control (General) Regulations
(Cost at 2000-01 Prices)

	(6) \$	(7) \$	(8) \$	(9) \$	(10) \$	(11) \$
Staff Costs	9,358	166,854	89,425	6,419	85,865	53
Departmental Expenses	556	11,439	5,373	402	5,886	4
Accommodation Costs	363	7,295	3,479	259	3,752	2
Depreciation	3	57	31	2	29	0
Cost of Services Provided by Other Departments	17	300	161	12	154	0
Central Administrative Overhead	255	4,542	2,434	175	2,337	1
Total Cost	10,552	190,487	100,903	7,269	98,023	60
Estimated number of cases	13	342	29	5	176	1
Unit Cost at 2000-01 prices (\$)	812	557	3,479	1,454	557	60
Existing fee (\$)	1,350	305	4,700	2,140	305	165
Proposed fee (\$)	810	110*	3,480	1,455	110*	60

Legend

- (6) Renewal of licence for discharge or deposit from industrial, institutional or commercial premises (flow rate exceeding 30 cubic metres per day)
 - (7) Licence for discharge or deposit from industrial, institutional or commercial premises of domestic sewage only
 - (8) New licence or variation of licence for discharge or deposit from domestic sewage treatment plant
 - (9) Renewal of licence for discharge or deposit from domestic sewage treatment plant
 - (10) New licence or variation or renewal of licence for discharge or deposit from domestic premises
 - (11) Issue of a certified copy of an entry in the register under section 42(3)
- * These subsidized fees are set to recover 20% of cost only.