

LEGISLATIVE COUNCIL BRIEF

Waste Disposal Ordinance
(Chapter 354)

WASTE DISPOSAL (REFUSE TRANSFER STATION) (AMENDMENT) REGULATION 2001

INTRODUCTION

A At the meeting of the Executive Council on 27 February 2001, the Council ADVISED and the Chief Executive ORDERED that the Waste Disposal (Refuse Transfer Station) (Amendment) Regulation 2001, at Annex A, should be introduced into the Legislative Council.

BACKGROUND AND ARGUMENT

General Background

B 2. A refuse transfer station (RTS) is a facility that compacts municipal solid waste for bulk transport to landfills. 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 Annex B. 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, subject to a minimum fee payable as agreed in the contracts.

4. Prior to the commissioning 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.

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 Sub. leg.) sets out, inter alia, the rates payable for the waste handled by IETS, WKTS and NLTS. The rates are set at levels intended to be commercially viable to the private waste collectors and to enable Government to cover at least the marginal cost² for handling the waste delivered by the private collectors. A peak hour charge was also introduced to avoid congestion in the morning. No charge is levied for the use of OITF as there is no alternative disposal option at outlying islands.

6. In 2000, an average of 9 730 tonnes of municipal solid waste were disposed of at landfills everyday. About one-third was collected by private waste collectors. However, of these, only about 120 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.

The Proposal

7. We propose to –

- (a) reduce the charge of the IETS from \$85 per tonne (peak hour) and \$65 per tonne (non-peak hour) to \$40 per tonne;
- (b) reduce the charge of the WKTS from \$65 per tonne (peak hour) and \$50 per tonne (non-peak hour) to \$30 per tonne;

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 9 below.

² The marginal cost for operating RTS is the additional cost to Government for handling waste delivered by private collectors.

- (c) open up IWTS to accept municipal solid waste delivered by private waste collectors; and
- (d) charge private waste collectors \$40 per tonne for handling municipal solid waste at IWTS.

Rationale for Rate Reduction

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

9. A further dimension to the charging level is the different operating costs of the landfills. The operating cost at the Southeast New Territories (SENT) Landfill is slightly higher than that at the West New Territories (WENT) Landfill. 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.

10. 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 additional costs in servicing the private waste collectors at RTSs. However, this can be offset by both the increase in revenue through higher patronage at the two RTSs and from the savings arising from the switch from SENT to WENT Landfill.

11. The opportunity was also taken to review the effectiveness of the peak hour charges. 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 is not affected even when private waste collectors use the service during peak hours. Accordingly, we recommend dispensing with the peak hour and non-peak hour charge differential.

Reasons for Opening up IWTS

12. 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 wastes 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. Having considered its waste handling capability, the improved traffic capacity and the resulting diversion of waste from the SENT Landfill to WENT Landfill, we now consider it is appropriate to open the IWTS to private waste collectors. We also propose to set its charge at the same level as the IETS³.

Implications on Landfill Charges

13. 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.

THE AMENDMENT REGULATION

14. The proposed Amendment Regulation reduces the charges for the disposal of waste at the IETS and the WKTS, adds the IWTS as a refuse transfer station to which the Regulation applies and prescribes the charges for disposal of waste at IWTS. The Amendment Regulation will come into operation on 27 April 2001.

PUBLIC CONSULTATION

15. 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 did not raise objection to the proposal, it has asked for a review of the position after the

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

scheme is in operation for 3 to 6 months. The Advisory Council on the Environment was consulted on 30 November 2000. Members supported the proposal. The Legislative Council Panel on Environmental Affairs was consulted on 5 December 2000 and did not raise any objection to the proposal.

BASIC LAW IMPLICATIONS

16. The Department of Justice has advised that the Amendment Regulation is consistent with the Basic Law.

HUMAN RIGHTS IMPLICATIONS

17. The Department of Justice has advised that the Amendment Regulation has no human rights implications.

BINDING EFFECT OF THE LEGISLATION

18. The amendments will not affect the current binding effect of the Waste Disposal Ordinance.

FINANCIAL AND STAFFING IMPLICATIONS

19. With the reduction in charges at IETS and WKTS, and the opening of IWTS to the private waste collectors, the overall utilization of RTSs is expected to increase. In the estimated scenario where the amount of private waste intake at the three RTSs is increased to 474 tonnes per day, the annual revenue generated from the private waste intake of about \$6.3 million would not be sufficient to offset the revenue loss arising from the charge reduction and the additional costs in handling the waste delivered by private waste collectors. However, there would be an estimated annual cost savings of about \$8.3 million arising from the diversion of waste from SENT to WENT Landfill. As a result, an estimated annual net savings of about \$6.7 million to Government is expected. A statement of the estimated annual marginal costs and revenue, landfilling cost savings and net savings to Government for providing service to private waste collectors at the three RTSs after implementation of the proposed charges is at Annex C.

20. The additional costs and workload arising from the implementation of the proposal will be absorbed from within the existing provision of the EPD.

There are no staffing implications.

ECONOMIC IMPLICATIONS

21. The proposed reduction in charges is expected to be able to induce a higher patronage of the RTSs, and their waste handling capacity could be more efficiently utilized. The economy as a whole will benefit from improved environmental management in a broad sense.

PRODUCTIVITY

22. The provision of RTS service to the private sector will reduce the overall transportation costs to the community. It enables the waste collectors to improve their operation efficiency and provide a better collection service to the community. The reduced unit charges will encourage higher private sector patronage of the RTSs and thereby improve the utilization at a minimum overall cost. It is estimated that private waste disposed of at all RTSs could be increased from about 120 to 550 tonnes per day.

ENVIRONMENTAL IMPLICATIONS

23. 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.

LEGISLATIVE TIMETABLE

24. The legislative timetable will be –

| | |
|------------------------------------|---------------|
| Publication in the Gazette | 2 March 2001 |
| Tabling at the Legislative Council | 7 March 2001 |
| Commencement | 27 April 2001 |

PUBLICITY

25. A press release will be issued today. A spokesperson will be available to handle media enquiries.

ENQUIRIES

26. For further enquiries, please contact Ms Annie Choi, Principal Assistant Secretary of the Environment and Food Bureau at 2316 3351.

Environment and Food Bureau
28 February 2001

**Waste Disposal Ordinance
(Chapter 354)**

**WASTE DISPOSAL (REFUSE TRANSFER STATION)
(AMENDMENT) REGULATION 2001**

ANNEXES

- Annex A - Waste Disposal (Refuse Transfer Station) (Amendment) Regulation 2001
- Annex B - Distribution of the Refuse Transfer Stations
- Annex C - Statement of Estimated Annual Costs and Revenue, Landfilling Cost Savings and Net Savings to Government

**WASTE DISPOSAL (REFUSE TRANSFER STATION)
(AMENDMENT) REGULATION 2001**

(Made by the Chief Executive in Council under section 33 of the
Waste Disposal Ordinance (Cap. 354) after consultation with the
Advisory Council on the Environment)

1. Commencement

This Regulation shall come into operation on 27 April 2001.

2. Charges for disposal of waste at refuse transfer stations

The Schedule to the Waste Disposal (Refuse Transfer Station) Regulation (Cap. 354 sub. leg.) is amended -

- (a) in item 1(a), by repealing "85" and "65" and substituting "40" in both places;
- (b) in item 1(b), by repealing "0.85" and "0.65" and substituting "0.40" in both places;
- (c) in item 1(c), by repealing "85" and "65" and substituting "40" in both places;
- (d) in item 2(a), by repealing "65" and "50" and substituting "30" in both places;
- (e) in item 2(b), by repealing "0.65" and "0.50" and substituting "0.30" in both places;
- (f) in item 2(c), by repealing "65" and "50" and substituting "30" in both places;
- (g) by adding -

| | | | |
|--|--|---------------------------------------|---------------------------------------|
| "4. Island West Transfer Station at 88 Victoria Road, Kennedy Town, Western District, Hong Kong (Boundaries delineated in Drawing number 90833/SP 15/04) | (a) For each load of 1 tonne or less | \$40 | \$40 |
| | (b) For each load of more than 1 tonne | \$0.40 per 0.01 tonne or part thereof | \$0.40 per 0.01 tonne or part thereof |
| | (c) For each load of waste in respect of which the Director is of the opinion that - | \$40 | \$40". |

- (i) it is impracticable to ascertain the actual weight of the load; or
- (ii) to ascertain the actual weight of the load will cause public health problems

Clerk to the Executive Council

COUNCIL CHAMBER

2001

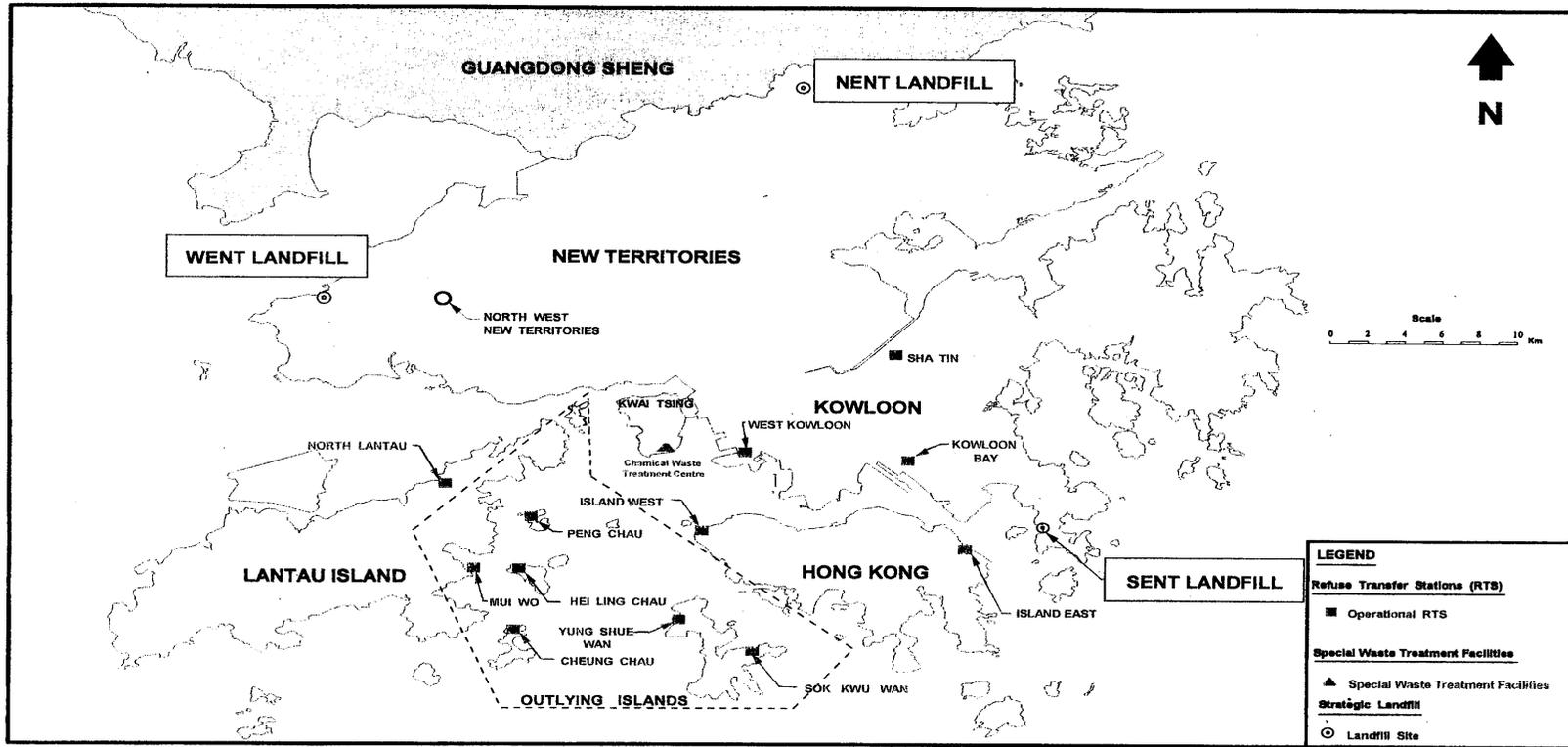
Explanatory Note

This Regulation amends the Waste Disposal (Refuse Transfer Station) Regulation (Cap. 354 sub. leg.) (the "Regulation") to -

- (a) reduce the charges for the disposal of waste at the Island East Transfer Station and the West Kowloon Transfer Station (section 2(a) to (f)); and
- (b) add the Island West Transfer Station as a refuse transfer station to which the Regulation applies and prescribe the charges for the disposal of waste at the Station (section 2(g)).

Distribution of the Refuse Transfer Stations

Annex B



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Updated on Nov 2000

Provision of RTS Service to Private Waste Collectors

**Estimated Annual Marginal Costs and Revenue, Landfilling Cost Savings and Net Savings to Government after Implementation of the Proposed Charges*
(at October 2000 price level)**

| | | Island East Transfer Station | West Kowloon Transfer Station | Island West Transfer Station | Total |
|--|------------------------------|---|--|---|--------------|
| Private wastes | | 15 | 167 | 292 | 474 |
| (tonnes / day) | (A) | | | | |
| Marginal cost to Government | | 51.6 | 22.4 | 58.2 | - |
| (\$/tonne) | (B) | | | | |
| Proposed charges | | 40 | 30 | 40 | - |
| (\$/tonne) | (C) | | | | |
| Annual marginal costs | | 0.3 | 1.4 | 6.2 | 7.9 |
| (\$ million) | (A)x(B) x365 days =(D) | | | | |
| Annual revenue | | 0.2 | 1.8 | 4.3 | 6.3 |
| (\$ million) | (A)x(C) x365 days =(E) | | | | |
| Annual landfilling cost savings | | 0.3 | 2.9 | 5.1 | 8.3 |
| (\$ million) | (F) | | | | |
| Net savings to Government | | 0.2 | 3.3 | 3.2 | 6.7 |
| (\$ million) | (E)+(F)-(D) | | | | |

*Based on the estimated scenario where the amount of private waste intake at the three RTSs is increased to 474 tonnes per day after implementation of the proposal.