

Position Paper on Waste Disposal Charging
Hong Kong General Chamber of Commerce
May 2002

1. The Chamber supports the principle of charging for waste disposal and its implementation through imposing a landfill charge. But landfill charging is only one element, albeit an important one, of a comprehensive package to reduce wastes. We therefore urge the HKSAR Government to develop a proactive programme to encourage waste reduction and recycling at the same time.

The Context

2. The growing amount of waste is generating enormous pressure on the SAR's waste disposal facilities and resources. Every day, some 17,000 tonnes of waste are discharged into the landfills, of these 8,000 tonnes are construction wastes, 7,000 tonnes domestic and 2,000 tonnes commercial. At the present rate, the landfills will run out of capacity not long after the next decade – and much sooner if the rate of waste disposal continues to rise.
3. It has been established government policy to impose a landfill charge, but this has not been implemented due to opposition from waste hauliers who have expressed concern over the problems of cash flow and possible bad debts, especially for smaller operators. While we understand the haulier's concern, in our view the landfills are a cost not only to the Administration but to society, and a charge collected "at the gate" is an effective way of administering cost recovery for the landfills.

An effective charging mechanism

4. We believe that the landfill "gate charge" should be implemented but with a comprehensive mechanism to allay the concerns of the hauliers and to make the charging scheme effective. There are two major aspects which should be addressed, namely:
 - (i) the financial and administrative aspect, including coverage, effective charging and assistance to smaller operators
 - (ii) the environmental aspect, such as the problem of illegal dumping and reduction at source
5. On the administrative side, we understand the Environmental Protection Department is developing a package of measures to make the collection more effective, including directing charge of big waste producers and appropriate use of a trip-ticket system. There will also be provisions for financial arrangements with smaller operators to help them ease their credit and cash flow problems as well as deal with bad debts. We believe these measures should render the charge collection much more effective and we would lend our support to the call on hauliers to cooperate. Moreover, the administrative fee for the charging scheme should be simple to ensure the administrative cost is kept as low as practicable.
6. For a comprehensive charging scheme that is in accord with the polluter-pay principle there should be 100% coverage of all waste sources. The presently planned charging scheme, however, does not cover domestic wastes. In our view, this is a major omission. Although we appreciate that domestic waste producers are much more

diffuse than their commercial counterparts and collection will be difficult, we suggest that there should be a statement of intention to institute charging for domestic wastes, preferably with a target timetable to do so.

7. On the environmental side, we are concerned that the imposition of the charging scheme may give rise to more fly-tipping. We recommend that the penalty for illegal dumping should be raised substantially and enforcement should be stepped up. The effective administration of fee collection will also help reduce the incentive for fly-tipping by easing the burden of small operators.
8. Besides cost-recovery, another important objective for the landfill charge is to encourage waste reduction at source. But this objective can only be achieved if there are also incentives to the waste producers to reduce waste at the point of generation, or to give the waste collectors a stake in recycling. Here a conspicuous gap exists, in that there is no strong recycling industry in Hong Kong. In our view, much remains to be done in this area. Within the non-interventionist framework for industry, the government should consider ways of providing more support to the recycling industry, in particular to the SME operators. It should also consider assisting in the research and development of new waste disposal technologies.

Other Waste Reduction Measures

9. Important as it is, landfill charging is but one element of the overall strategy to reduce wastes. It should not be implemented on its own but should be part of a comprehensive package of measures of waste management, such as incentives for waste reduction, recycling, responsibility for packaging, building rehabilitation, alternatives to demolition, and incentives for life cycle costing, to name a few. These should be supported by a community education campaign to target waste reduction at source.
10. A case in point is that of construction and demolition waste. We note that the Real Estate Developers Association, in supporting the principle of a reasonable landfill charge, has emphasised the importance of reduction and recycling as the solution to the waste problem. We agree with REDA that government can play a leading role by bringing our Building Regulations up to date to allow buildings to be constructed in a more efficient and less wasteful manner. At the same time, it can encourage a greater degree of recycling by setting specifications for all types of C&D waste materials that may be reused in building works.

Recommendation

11. The Chamber supports the polluter-pay principle. With respect to waste disposal charging, we recommend that the government undertake the following:
 - (i) the implementation of landfill charges for construction wastes and commercial wastes;
 - (ii) the commencement of a detailed study on charging for domestic wastes;
 - (iii) raising the penalty for illegal dumping and stepping up enforcement;
 - (iv) with a view to extending the lifetime of landfills, developing a proactive programme to encourage waste reduction and recycling.