

## LEGISLATIVE COUNCIL BRIEF

Waste Disposal Ordinance (Cap.354)

### WASTE DISPOSAL (CHARGES FOR DISPOSAL OF CHEMICAL WASTE) (AMENDMENT) REGULATION 2007

#### INTRODUCTION

At the meeting of the Executive Council on 26 June 2007, the council ADVISED and the Chief Executive ORDERED that, under section 33 of the Waste Disposal Ordinance, the Waste Disposal (Charges for Disposal of Chemical Waste) (Amendment) Regulation 2007 (the Regulation) at Annex A should be made.

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#### BACKGROUND AND JUSTIFICATIONS

2. The Chemical Waste Treatment Centre (CWTC) commenced operation in April 1993. It provides an integrated chemical waste treatment facility to assist chemical waste producers to comply with the “cradle-to-grave” controls provided for under the Waste Disposal Ordinance. The charges for the disposal of chemical waste are set out in Schedule 1 and Schedule 2 to the Waste Disposal (Charges for Disposal of Chemical Waste) Regulation (Cap.354J). Such charges are payable to the Government for the use of the CWTC for the purpose of disposal of chemical waste. The charges were first introduced in 1995 and are as follows –

- (a) for disposal of chemical waste other than special chemical waste<sup>1</sup>, the charges were initially set at a level to recover approximately 20% of the variable operating cost (VOC)<sup>2</sup> under Schedule 1 to the Waste Disposal (Charges for Disposal of Chemical Waste) Regulation (Cap.354J) with a plan to gradually increase the VOC recovery level from 20% to 100% by 2003-04; and
- (b) for disposal of special chemical waste, the charges were set at 100%

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<sup>1</sup> Special chemical waste includes waste containing at least 50 parts per million of polychlorinated biphenyl (a toxic organic chemical), expired or off-specification chemical waste or chemical waste imported into Hong Kong for disposal.

<sup>2</sup> The operating cost paid to the CWTC contractor comprises fixed operating cost (FOC) and variable operating cost (VOC). The FOC covers the contractor’s fixed expenses and does not relate to the quantity of waste received and treated at the CWTC. The VOC is paid to the contractor according to the quantity and type of chemical waste treated at the CWTC.

recovery of the VOC under Schedule 2 to the Waste Disposal (Charges for Disposal of Chemical Waste) Regulation (Cap.354J).

4. However, most Government fees and charges had been frozen since February 1998 as an exceptional measure to alleviate the financial burden on the public in times of economic difficulty. The charges for disposal of chemical waste at CWTC were last revised in 1997-98.

5. The Financial Secretary indicated in the 2004-05 Budget Speech the need to resume revision of Government fees and charges. In this connection, a fee review exercise was conducted in 2004. The review indicated that –

- (a) the charges for providing the disposal service for chemical wastes other than the special chemical waste at the CWTC under Schedule 1 of the Waste Disposal (Charges for Disposal of Chemical Waste) Regulation (Cap. 354J) need to be revised upwards to achieve a higher cost recovery level with a view to increasing the charges gradually to achieve 100% recovery of VOC over a four year period.
- (b) the charges for providing the disposal service for special chemical waste at the CWTC under Schedule 2 of the Waste Disposal (Charges for Disposal of Chemical Waste) Regulation (Cap. 354J) need to be revised downwards as a result of the decrease in operating cost paid to the CWTC contractor which is adjusted according to the Consumer Price Index (B).

B The comparisons of existing and proposed charges are at Annex B.

C 6. The computations of the proposed charges are at Annex C.

## **THE AMENDMENT REGULATION**

A 7. The Regulation at Annex A revises the charges prescribed in Schedule 1 and Schedule 2 to the Waste Disposal (Charges for Disposal of Chemical Waste) Regulation (Cap.354J).

## **LEGISLATIVE TIMETABLE**

8. The legislative timetable will be

Publication in the Gazette	29 June 2007
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Tabling in the Legislative Council	4 July 2007
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## **IMPLICATIONS OF THE PROPOSAL**

D 9. The proposal to revise the charges for disposal of chemical waste has environmental, sustainability, financial and economic implications as set out at Annex D.

10. The proposal is in conformity with the Basic Law, including the provisions concerning human rights. It will not affect the current binding effect of the Ordinance.

11. We have been taking measures to reduce costs through implementing efficiency initiatives, reprioritizing service provision and streamlining procedures. Such efficiency saving and improvement measures have been factored into the calculation of costs. This can be demonstrated by the fact that the costs for some of the items are proposed to be revised downwards.

## **PUBLIC CONSULTATION**

12. The Environmental Affairs Panel of the Legislative Council was consulted on the proposal at its meeting on 21 December 2004. Members had no objection to the proposed revision of charges. The Advisory Council on the Environment was consulted on the proposal at its meeting on 17 January 2005. Members supported the fee revision proposals.

13. A consultation paper on the review of charges for chemical waste disposal was circulated to 10 trade associations, green groups and 2,600 frequent customers of CWTC to solicit their views on the proposed increase on the disposal charges in December 2004. We received 22 written responses, and 17 of them opposed the increase, arguing that the pace and scale of the increase would hamper the trade's competitiveness. We replied to those responded to the consultation paper explaining that even with the proposed increases, the chemical waste disposal services provided are still substantially subsidized by the Government. The revision of charges would provide good incentives to users of the CWTC services to implement waste reduction, reuse, recycling and recovery in their waste management strategy and to adopt more environmentally friendly production technologies. We have not received any further responses from the trade on our reply thereafter.

## **PUBLICITY**

14. A press release will be issued when the Amendment Regulation is gazetted and a spokesman will be available to answer media enquiries.

## **ENQUIRY**

15. For any enquiries on this brief, please contact Mr. Sang FUNG, Senior Environmental Protection Officer of the Environmental Protection Department, at 2872 1681 or fax 2591 6662.

Environmental Protection Department  
July 2007

**Waste Disposal Ordinance  
(Chapter 354)**

**WASTE DISPOSAL (CHARGES FOR DISPOSAL OF  
CHEMICAL WASTE) (AMENDMENT) REGULATION 2007**

**ANNEXES**

- Annex A     The Waste Disposal (Charges for Disposal of Chemical Waste) (Amendment) Regulation 2007
- Annex B     Comparison of the Existing and Proposed Charges Under the Regulation
- Annex C     Computation of the Proposed Charges under the Regulation
- Annex D     Implications of the Proposal

**WASTE DISPOSAL (CHARGES FOR DISPOSAL OF  
CHEMICAL WASTE)(AMENDMENT)  
REGULATION 2007**

(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 9 November 2007.

**2. Charges for disposal of chemical waste other than special chemical waste**

(1) Schedule 1 to the Waste Disposal (Charges for Disposal of Chemical Waste) Regulation (Cap. 354 sub. leg. J) is amended, in item 1 –

- (a) by repealing “2,847” and substituting “3,490”;
- (b) by repealing “174” and substituting “225”;
- (c) by repealing “54” and substituting “70”;
- (d) by repealing “896” and substituting “1,160”;
- (e) by repealing “1,384” and substituting “1,790”;
- (f) by repealing “47” and substituting “61”;
- (g) by repealing “697” and substituting “900”;
- (h) by repealing “1,394” and substituting “1,800”;
- (i) by repealing “2,491” and substituting “3,220”.

(2) Schedule 1 is amended, in item 2 –

- (a) by repealing “1,027” and substituting “1,130”;
- (b) by repealing “348” and substituting “450”;
- (c) by repealing “7,257” and substituting “9,380”;
- (d) by repealing “20,319” where it twice appears and substituting “26,250”;
- (e) by repealing “1,042” and substituting “1,350”;
- (f) by repealing “8,709” and substituting “11,250”;
- (g) by repealing “2,491” and substituting “3,220”.

(3) Schedule 1 is amended, in item 3, by repealing “771” and substituting “800”.

### **3. Charges for disposal of special chemical waste**

(1) Schedule 2 is amended, in item 1 –

- (a) by repealing “9,183” and substituting “7,140”;
- (b) by repealing “562” and substituting “485”;
- (c) by repealing “174” and substituting “150”;
- (d) by repealing “2,891” and substituting “2,500”;
- (e) by repealing “4,465” and substituting “3,860”;
- (f) by repealing “150” and substituting “130”;
- (g) by repealing “2,249” and substituting “1,940”;
- (h) by repealing “4,498” and substituting “3,890”;
- (i) by repealing “8,035” and substituting “6,950”.

(2) Schedule 2 is amended, in item 2 –

- (a) by repealing “3,312” and substituting “2,070”;
- (b) by repealing “1,124” and substituting “970”;
- (c) by repealing “23,409” and substituting “20,250”;
- (d) by repealing “65,545” where it twice appears and substituting “56,650”;
- (e) by repealing “3,360” and substituting “2,910”;
- (f) by repealing “28,092” and substituting “24,300”;
- (g) by repealing “8,035” and substituting “6,950”.

(3) Schedule 2 is amended, in item 3, by repealing “2,488” and substituting “1,360”.

Clerk to the Executive Council

COUNCIL CHAMBER

2007

### **Explanatory Note**

This Regulation revises the charges payable to the Director of Environmental Protection for the disposal of chemical waste at the Chemical Waste Treatment Centre owned by the Government.

**Comparison of the Existing and Proposed Charges****Table 1 Proposed Amendment to Charges Prescribed in Schedule 1 to Waste Disposal (Charges for Disposal of Chemical Waste) Regulation (Cap 354J)**

Description		Existing Charge	Proposed Charge
Item	Disposal of chemical waste other than special chemical waste	per 1000 kg of chemical waste	
1.	Incineration of chemical waste-		
	basic charge	\$2,847	\$3,490
	Plus		
	if any chemical waste contains a calorific value of 15 Gigajoule/tonne or below	\$174	\$225
	Plus		
	if any chemical waste contains a halogen concentration of-		
	(a) above 0% and below or equal to 30% by weight	\$54	\$70
	(b) above 30% and below or equal to 50% by weight	\$896	\$1,160
	(c) above 50% by weight	\$1,384	\$1,790
	Plus		
	if any chemical waste contains a sulphur concentration of-		
	(a) above 0% and below or equal to 20% by weight	\$47	\$61
	(b) above 20% and below or equal to 40% by weight	\$697	\$900
	(c) above 40% by weight	\$1,394	\$1,800
	Plus		
	any special handling	\$2,491	\$3,220
2.	Physical or chemical treatment of chemical waste-	\$1,027	\$1,130
	basic charge		
	Plus		
	if any chemical waste contains a chromium concentration of-		
	(a) above 0% and below or equal to 20% by weight	\$348	\$450
	(b) above 20% and below or equal to 40% by weight	\$7,257	\$9,380
	(c) above 40% by weight	\$20,319	\$26,250
	Plus		
	if any chemical waste contains an ammonia concentration of-		
	(a) above 0% and below or equal to 20% by weight	\$1,042	\$1,350
	(b) above 20% and below or equal to 40% by weight	\$8,709	\$11,250
	(c) above 40% by weight	\$20,319	\$26,250
	Plus		
	any special handling	\$2,491	\$3,220
3.	Oil/Water separation of chemical waste	\$771	\$800

**Table 2 Proposed Amendment to Charges Prescribed in Schedule 2 to Waste Disposal (Charges for Disposal of Chemical Waste) Regulation (Cap 354J)**

Description		Existing Charge	Proposed Charge
Item	Disposal of special chemical waste	per 1000 kg of chemical waste	
1.	Incineration of chemical waste-		
	basic charge	\$9,183	\$7,140
	plus		
	if any chemical waste contains a calorific value of 15 Gigajoule/tonne or below	\$562	\$485
	plus		
	if any chemical waste contains a halogen concentration of-		
	(a) above 0% and below or equal to 30% by weight	\$174	\$150
	(b) above 30% and below or equal to 50% by weight	\$2,891	\$2,500
	(c) above 50% by weight	\$4,465	\$3,860
	plus		
	if any chemical waste contains a sulphur concentration of-		
	(a) above 0% and below or equal to 20% by weight	\$150	\$130
	(b) above 20% and below or equal to 40% by weight	\$2,249	\$1,940
	(c) above 40% by weight	\$4,498	\$3,890
	plus		
	any special handling	\$8,035	\$6,950
2.	Physical or chemical treatment of chemical waste-	\$3,312	\$2,070
	basic charge		
	plus		
	if any chemical waste contains a chromium concentration of-		
	(a) above 0% and below or equal to 20% by weight	\$1,124	\$970
	(b) above 20% and below or equal to 40% by weight	\$23,409	\$20,250
	(c) above 40% by weight	\$65,545	\$56,650
	plus		
	if any chemical waste contains an ammonia concentration of-		
	(a) above 0% and below or equal to 20% by weight	\$3,360	2,910
	(b) above 20% and below or equal to 40% by weight	\$28,092	\$24,300
	(c) above 40% by weight	\$65,545	\$56,650
	plus		
	any special handling	\$8,035	\$6,950
3.	Oil/Water separation of chemical waste	\$2,488	\$1,360

**Computation of the Proposed Charges**

**Table 1 Charges Prescribed in schedule 1 to the Waste Disposal (Charges for Disposal of Chemical Waste) Regulation (Cap.354J) as amended by the Waste Disposal (Charges for Disposal of Chemical Waste) (Amendment) Regulation 2007**

		(1)	(2)	(3)=(1)x(2)
<b>Item</b>	<b>Description</b>	<b>VOC at 2004-05 Price (\$/ 1000 kg)</b>	<b>VOC Recovery Rate for Proposed Charging Rate (%)</b>	<b>Proposed Charging Rate (rounded) (\$/ 1000 kg)</b>
01	Incineration of chemical waste- basic charge	7,144	48.85	3,490
02	if any chemical waste contains a calorific value of 15 Gigajoule/tonne or below	486	46.30	225
	if any chemical waste contains a halogen concentration of-			
03	(a) above 0% and below or equal to 30% by weight	150	46.67	70
04	(b) above 30% and below or equal to 50% by weight	2,499	46.42	1,160
05	(c) above 50% by weight	3,860	46.37	1,790
	if any chemical waste contains a sulphur concentration of-			
06	(a) above 0% and below or equal to 20% by weight	130	46.92	61
07	(b) above 20% and below or equal to 40% by weight	1,944	46.30	900
08	(c) above 40% by weight	3,888	46.30	1,800
09	Any special handling – incineration	6,946	46.36	3,220
10	Physical or chemical treatment of chemical waste - basic charge	2,069	54.62	1,130
	if any chemical waste contains a chromium concentration of-			
11	(a) above 0% and below or equal to 20% by weight	972	46.30	450
12	(b) above 20% and below or equal to 40% by weight	20,236	46.35	9,380
13	(c) above 40% by weight	56,661	46.33	26,250
	if any chemical waste contains an ammonia concentration of-			
14	(a) above 0% and below or equal to 20% by weight	2,905	46.47	1,350
15	(b) above 20% and below or equal to 40% by weight	24,284	46.33	11,250
16	(c) above 40% by weight	56,661	46.33	26,250
17	any special handling – physical or chemical treatment	6,946	46.36	3,220
18	Oil/Water separation of chemical waste	1,356	59.00	800

**Table 2 Charges Prescribed in schedule 2 to the Waste Disposal (Charges for Disposal of Chemical Waste) Regulation (Cap.354J) as amended by the Waste Disposal (Charges for Disposal of Chemical Waste) (Amendment) Regulation 2007**

Item	Description	(1)	(2)
		VOC at 2004-05 price (\$/ 1000 kg)	Proposed Charging Rate at 100% VOC recovery (rounded) (\$/ 1000 kg)
01	Incineration of chemical waste- basic charge	7,144	7,140
02	if any chemical waste contains a calorific value of 15 Gigajoule/tonne or below	486	485
	if any chemical waste contains a halogen concentration of-		
03	(a) above 0% and below or equal to 30% by weight	150	150
04	(b) above 30% and below or equal to 50% by weight	2,499	2,500
05	(c) above 50% by weight	3,860	3,860
	if any chemical waste contains a sulphur concentration of-		
06	(a) above 0% and below or equal to 20% by weight	130	130
07	(b) above 20% and below or equal to 40% by weight	1,944	1,940
08	(c) above 40% by weight	3,888	3,890
09	Any special handling - incineration	6,946	6,950
10	Physical or chemical treatment of chemical waste - basic charge	2,069	2,070
	if any chemical waste contains a chromium concentration of-		
11	(a) above 0% and below or equal to 20% by weight	972	970
12	(b) above 20% and below or equal to 40% by weight	20,236	20,250
13	(c) above 40% by weight	56,661	56,650
	if any chemical waste contains an ammonia concentration of-		
14	(a) above 0% and below or equal to 20% by weight	2,905	2,910
15	(b) above 20% and below or equal to 40% by weight	24,284	24,300
16	(c) above 40% by weight	56,661	56,650
17	Any special handling – physical or chemical treatment	6,946	6,950
18	Oil/Water separation of chemical waste	1,356	1,360

## **IMPLICATIONS OF THE PROPOSAL**

### **ENVIRONMENTAL IMPLICATIONS**

The revision of charges to the disposal of chemical waste at the CWTC would provide good incentives to chemical waste producers (CWP) to implement waste reduction, reuse, recycling and recovery in their waste management strategy and to adopt more environmentally friendly production technologies.

### **SUSTAINABILITY IMPLICATIONS**

2. The proposal is in line with the sustainability principle of avoiding environmental problems for present and future generations as well as seeking to find opportunities to enhance environmental quality. It provides good incentives for the CWPs to implement waste reduction measures.

### **FINANCIAL IMPLICATIONS**

3. The proposal will result in an estimated increase in revenue of \$6.2 million per annum.

### **ECONOMIC IMPLICATIONS**

4. Items with proposed charge increases would no doubt increase modestly the burden on the CWPs. Such burden, however, should be acceptable to the business sector. An analysis of the demand notes issued in 2006 revealed that 82% of the CWPs paid less than \$10,000 per year. With the revision of charges, the increase of expenditure to these 82% of CWTC users would be less than \$248 per month. Compared with the costs of running a business, the expenditure for disposal of chemical waste at the CWTC should not be significant. In fact, the services provided are still under substantial subsidy from the Government. Moreover, the actual impact should be smaller as the CWPs would have more economic incentives to adopt waste minimization measures which in turn would reduce the amount of chemical waste to be disposed of at the CWTC.

5. For items with proposed charge reductions, the cost impact would be reduced.