

**Meeting of Public Accounts Committee on
Report No. 51 of the Director of Audit – Chapter 11
16 December 2008**

Secretary for the Environment

Introduction

I would like to thank the Audit Commission for conducting a “green audit” on the management of municipal solid waste (MSW), which serves to enhance the community’s awareness on environmental issues. Indeed, apart from the Government’s commitment to implement the necessary policy initiatives, it takes the support and participation of the Legislative Council and the community to address our waste management problem effectively.

To me, the Report of the Director of Audit (the Audit Report) puts across a crucial message – that the reduction of waste at source, waste recovery and recycling, and the final disposal of waste are equally important. The Director of Audit has made constructive recommendations on these areas of work. In response, I would like to take this opportunity to update Members on the progress of our key policy initiatives.

Reduction of Waste at Source

The reduction of waste at source is the focus of our MSW management policy. After years of discussion, the Product Eco-responsibility Ordinance was enacted with the support of this Council in mid-2008. This is an important milestone, since the Ordinance provides the legal basis for implementing producer responsibility schemes (PRS’s) to achieve the objectives of waste reduction and recovery. The environmental levy on plastic shopping bags will be the first PRS under the Ordinance. We will submit the subsidiary legislation on the detailed implementation arrangements of the levy scheme for this Council’s consideration by the end of this month. We hope that Members will continue to lend us their support so that the

scheme can be implemented early.

We believe that legislation is essential for putting the concept of producer responsibility into practice. That said, it would be a very time-consuming process to implement PRS's if we are to rely solely on legislative means. Furthermore, formulating an effective scheme that could accommodate the views and concerns of all sectors of our society would be a huge challenge. Therefore, in parallel with our legislative work, we have been encouraging the relevant trades to launch voluntary PRS's. For instance, through co-operation with the Hong Kong Waste Electrical and Electronic Equipment Recycling Association, we have so far introduced recycling programmes for computers, rechargeable batteries and fluorescent lamps with over 60 participating producers and suppliers. In collaboration with the Hong Kong Hotels Association, we have recently launched the Glass Container Recycling Programme with the funding support and participation of 11 hotels. The successful implementation of these programmes has proved once again the importance of different sectors' participation in effective waste management. We will continue with our work in this area. This will also help lay a sound foundation for introducing other statutory PRS's.

Waste Recovery and Recycling

Similarly, we have introduced a number of measures to encourage waste recovery and recycling. We have amended the relevant subsidiary legislation under the Buildings Ordinance to impose a mandatory requirement for the provision of refuse storage and material recovery room on every floor of new domestic buildings and composite buildings. The Programme on Source Separation of Domestic Waste (the Programme), launched in 2005, currently covers 51% of our population with 983 participating housing estates. Last weekend, we introduced the latest design of 3-coloured waste separation bins to encourage and facilitate waste recovery. The recovery rate of domestic waste rose from 16% in 2005 to 20% in 2006 and further to 24% in 2007, representing a significant annual increase.

When compared with the overall waste recovery rate of 45% and the commercial and industrial waste recovery rate of 62%, however, there is still ample room for improvement in domestic waste recovery.

Therefore, the Government will continue to extend the Programme to more housing estates. The Environment and Conservation Fund (ECF) has allocated \$50 million to support District Councils and local organisations to organise public education programmes on environmental protection. Source separation of domestic waste will be one of the main themes.

To facilitate waste recovery in the community, we have also provided over 28 600 three-coloured waste separation bins at public places throughout the territory. In the light of overseas experiences, the volume of waste collected from recovery facilities at public places would generally be limited. Nevertheless, these waste separation bins could play a pivotal role in raising public awareness of and developing the habit of waste recovery. As such, in addition to devoting more resources to improve the design of waste separation bins, we will increase significantly the number of waste separation bins at public places and on pavements by 35%, from 2 600 (approximately 860 sets) to 3 500 (approximately 1 160 sets). We will co-operate with District Councils and the Food and Environmental Hygiene Department in identifying suitable locations for placing these bins, with a view to raising public awareness in waste recovery and making waste recovery facilities more accessible.

To further encourage public participation and support in waste reduction and recovery, the ECF has allocated \$10 million for public education programmes under the Policy Framework for the Management of Municipal Solid Waste (2005-2014) (the Policy Framework). So far, seven applications for funding support have been approved, covering topics such as plastic shopping bag reduction, simple packaging, food waste reduction, green procurement and the recovery of waste electrical and electronic equipment. We will continue to provide funding support to green groups and other voluntary organisations in organising similar activities.

Infrastructure

The Audit Report clearly points to the need to reduce our reliance on landfills, and highlights the fact that incineration is adopted in many advanced Asian cities to treat unavoidable waste. I fully agree with the

recommendations. In fact, our three existing landfills will be exhausted in the next few years. Apart from extending the landfills, we have to develop other facilities to manage our waste in a sustainable manner. To this end, we have set up a pilot facility at Kowloon Bay to collect food waste generated by the commercial and industrial sectors. In the long run, we will develop Phase 1 of the Organic Waste Treatment Facilities at Siu Ho Wan, North Lantau to convert food waste into useful compost and renewable energy, and the feasibility and environmental impact assessment (EIA) studies have already been started. In addition, the Environmental Protection Department is conducting detailed engineering and EIA studies for the two possible sites of Phase 1 of the Integrated Waste Management Facilities (IWMF). We expect that the IWMF will come into operation in 2014/15.

The construction of large-scale waste management facilities will inevitably be controversial. We will consult the District Councils concerned as well as local communities in the course of the EIA studies. We will also step up our education and publicity efforts to enable the public to better understand the imminent waste problem and the safety standards of modern incinerators. Meanwhile, we will continue to take forward various waste reduction and recovery initiatives. I must stress that the effective treatment of unavoidable waste is an integral part of any comprehensive waste management policy. I hope that these projects will have the support of this Council and the community at large.

Municipal Solid Waste Charging

As enshrined in the construction waste charging scheme, the sewage charge and the upcoming environmental levy on plastic shopping bags, the Government is a staunch believer in the “polluter-pays” principle. We also believe that the successful implementation of a solid waste charging scheme will help reduce waste at source.

Waste charging is a controversial policy and its implementation requires in-depth examination in the light of the actual situation of Hong Kong. Overseas experiences indicate that, among different charging options, volume-based charging would be more effective in achieving waste reduction. In this connection, we have implemented a trial scheme, which has flagged up a number of implementation and

monitoring issues which we might not be able to resolve completely. In fact, for places where the volume-based charging is implemented successfully, waste collectors normally collect the waste from individual households direct, such that the volume of waste disposed of can be monitored. For places with a living environment similar to Hong Kong (such as New York, Singapore and metropolitan Tokyo), none adopts the volume-based approach. They either charge a fixed amount or impose a flat-rate levy assessed with, for example, water consumption or property tax as proxies.

For this reason, we have to examine the issue thoroughly in order to identify measures that can address the needs of Hong Kong and achieve waste reduction effectively. We will put forward options for public consultation after the completion of our baseline waste study.

Promoting the Development of Recycling Industry

Hong Kong has made a good start in waste recovery, with a recovery rate of 45%. The value of recovered materials rose to \$6 billion last year. We have been providing 35 short-term tenancy sites to support the development of the recycling trade. In addition, by enhancing the efficiency of waste recovery through source separation and three-coloured waste separation bins, we have been providing the trade with a stable supply of recyclables. In response to the industry's recent request for more short-term tenancy sites, we have liaised with the Lands Department and identified about ten sites initially assessed to be suitable. We will make them available for the trade as soon as possible.

While we have made much progress in waste recovery, we have been facing considerable difficulties in developing large-scale recycling industry in Hong Kong due to factors such as land and wages. Members will no doubt agree that there is room for improvement in the development of the EcoPark. The environmental industry has also indicated that, although the rent of the EcoPark is competitive, tenants still have to face difficulties in, for example, dealing with the necessary procedures and costs of building plants, as well as overcoming the cost of collecting recyclables from across the territory for further processing in the EcoPark.

In the midst of the financial tsunami, tenants of the EcoPark may become even more conservative in their business development in the short term. We will maintain close liaison with them and provide as much assistance as possible. We will also review the tenancy requirements for Phase II lots so that the EcoPark can play a greater role in promoting the development of the recycling industry.

Conclusion

With our efforts over the past few years, the policy initiatives set out in the Policy Framework have progressively been rolled out, and have gradually been gaining the support and recognition of the public. Moreover, solid progress has been made in achieving the targets in the Policy Framework. To address Hong Kong's waste problems thoroughly, we need to explore all possible options, which will inevitably involve some controversial policies and measures. We hope that this Council and the community at large will accommodate discussion on these policies and measures, and that the public will continue to support our waste management effort. Thank you.

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Generation, Recovery and Disposal of Municipal Solid Waste (MSW)

Year	2005	2006	2007
Economic growth	+ 7.5%	+ 6.8%	about 6%
Population growth	+ 0.6%	+ 0.9%	about 1%

Year	2005 (million tonnes)	2006 (million tonnes)	2007 (million tonnes)
MSW generation	602	623 (+ 3.6%)	625 (+ 0.3%)
Domestic waste generation	298	304 (+ 2%)	308 (+ 1.3%)
Commercial and industrial waste generation	255	266 (+ 4.1%)	290 (+ 9.0%)
MSW recovery	259	284 (+ 9.7%)	281 (- 1.1%)
MSW recovery rate	43%	45%	45%
Domestic waste recovery rate	16%	20%	24%
Commercial and industrial waste recovery rate	63%	63%	62%
MSW disposal	342	339 (- 1.0%)	344 (+ 1.6%)
Domestic waste disposal	250	242 (- 2.8%)	233 (- 4%)
Commercial and industrial waste disposal	93	97 (+ 3.8%)	112 (+ 15.7%)

**Environmental Protection Department
December 2008**