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**Subcommittee on Waste Disposal (Charges for Disposal of
Construction Waste) Regulation (Amendment of Schedules) Notice 2016**

Background brief

Purpose

This paper provides background information on the Waste Disposal (Charges for Disposal of Construction Waste) Regulation (Amendment of Schedules) Notice 2016 (L.N. 60 of 2016) ("the Amendment Notice") which seeks to increase the public fill charge, the sorting charge and the landfill charge (collectively "disposal charges") under the Waste Disposal (Charges for Disposal of Construction Waste) Regulation (Cap. 354N). It also gives a brief account on the views and concerns expressed by members of the Panel on Environmental Affairs ("EA Panel") on the subject.

Background

Construction waste

2. Construction waste is defined under section 2 of the Waste Disposal (Charges for Disposal of Construction Waste) Regulation (Cap. 354N) to mean generally any substance, matter or thing that is generated from construction works and abandoned. Some construction waste is inert and may be reused as construction materials. It has been Government's policy to encourage on-site sorting by works contractors to reuse reusable inert materials in suitable projects. These reusable construction and demolition ("C&D") materials are generally referred to as "public fill".

3. Two fill banks, namely the Tseung Kwan O Fill Bank and the Tuen Mun Fill Bank, were set up in 2002 and 2003 respectively to stockpile surplus public fill generated from local construction works pending reuse. The fill banks are each coupled with a sorting facility to cater for situations where on-site sorting is infeasible. As for non-inert C&D materials, they may only be disposed of at the landfills.

Construction Waste Disposal Charging Scheme

4. The Government has implemented the Construction Waste Disposal Charging Scheme since 2006 imposing disposal charges which comprise a public fill charge (at \$27 per tonne), sorting charge (at \$100 per tonne) and landfill charge (at \$125 per tonne).¹ The stratified disposal charges are intended to provide economic incentives for construction waste producers to reduce waste and to practise sorting.

5. The disposal charges have not been adjusted since introduction in 2006. The Administration considers it necessary to increase the disposal charges having regard to the established fees and charges policy and the "polluter-pays" principle, and the diminishing effectiveness of the existing charges in reducing construction waste.

The Waste Disposal (Charges for Disposal of Construction Waste) Regulation (Amendment of Schedules) Notice 2016

6. The Amendment Notice was published in the Gazette on 6 May 2016 and tabled before LegCo on 11 May 2016 to implement new construction waste disposal charges with effect from 7 April 2017 as follows:²

Construction waste disposal charge	Existing charge (per tonne)	New charge (per tonne)	Cost recovery rate
Landfill charge	\$125	\$200	100%
Sorting charge	\$100	\$175	66%
Public fill charge	\$27	\$71	100%

Members' views and concerns

7. On 21 December 2015, the EA Panel was consulted on the

¹ Landfill charge will also be imposed on the disposal of construction waste at the refuse transfer stations on the outlying islands. Other refuse transfer stations do not accept construction waste.

² According to the Administration, the effective date has taken into account the need to allow for a reasonably substantial notification period before actual implementation so that stakeholders in the construction industry may re-negotiate their contracts if necessary.

Administration's proposal to increase the disposal charges. The major views and concerns expressed by members are summarized in the ensuing paragraphs.

Effectiveness of increasing construction waste disposal charges to help reduce construction waste

8. Members expressed concerns about possible aggravation of fly-tipping of construction waste and illegal land filling following increases in the disposal charges, and criticized the Administration for failing to put in place effective measures to combat these problems. In view of the prevalence and recurrence of fly-tipping and illegal land filling, some members considered that the Administration should step up control against fly-tipping and illegal land filling and demonstrate its enforcement capability in the first place before considering to increase the disposal charges.

9. The Administration advised that the implementation of the Charging Scheme had attained positive results in encouraging the construction industry to adopt various construction waste reduction measures. As observed, mixed construction waste disposed of at landfills had been reduced from 6 600 tonnes per day ("tpd") in 2005 to around 3 000 tpd in 2014, representing a reduction by more than 50%. The Administration agreed that any increase in the disposal charges should be considered in parallel with enhanced measures for combating fly-tipping and illegal land filling activities. In this regard, the Administration was exploring options to enhance the existing control using appropriate technologies, such as making use of surveillance cameras at black spots of fly-tipping, as well as positioning technology to track and log activities of construction waste collection vehicles.

10. The Administration further advised that the Environmental Protection Department ("EPD") would, in cooperation with other departments including the Food and Environmental Hygiene Department, district offices and district councils, continue to enhance intelligence and information gathering regarding black spots of fly-tipping, erect fencing and barricades at such black spots, and step up enforcement including patrols and ambush operations. At the request of members, the Administration had provided information on the cases of fly-tipping and illegal land filling in the past two years, including the number of complaints received, enforcement actions taken and successful prosecutions made.³

³ For detailed information, see paragraphs 6 to 8 of the paper provided by the Environment Bureau/EPD in April 2016 and issued to the EA Panel on 20 April 2016 vide LC Paper No. CB(1)829/15-16(02).

Levels of disposal charges

11. Members noted that while the increases in the landfill charge and the public fill charge could achieve recovery of the full costs of providing the services at these facilities, the recovery rate for the sorting charge was only 66% after increasing the charge from \$100 per tonne to \$175 per tonne. They sought the reasons for this arrangement. Some members considered that the Administration should not just aim at achieving full cost recovery when setting the levels of the disposal charges, but also driving behavioural change in the construction sector to encourage reduction, reuse and recycling of C&D materials. These members also suggested that enforcement costs should be taken into account for determining the levels of disposal charges.

12. The Administration explained that the increase of the sorting charge from \$100 per tonne to \$175 per tonne was meant to maintain the current differential of \$25 between this charge and the landfill charge in order to promote the use of sorting facilities. Charging at the full-cost recovery level (i.e. \$265 per tonne) would be higher than the proposed landfill charge and run contrary to the intention of promoting the use of the sorting facilities.

13. As regards the costs of enforcement against fly-tipping and illegal land filling, the Administration advised that these costs were funded through general departmental funding and if necessary, additional resources would be sought in accordance with the established resources allocation mechanism within the Government. The Administration did not intend to require the construction sector to fund the overall enforcement costs through the disposal charges. Members also noted that the Administration would further review the disposal charges in future in the light of the introduction of municipal solid waste charging in Hong Kong.

Latest development

14. At the House Committee meeting on 13 May 2016, Members agreed to form a Subcommittee to examine the Amendment Notice.

Relevant papers

15. A list of relevant papers is set out in the **Appendix**.

**Subcommittee on Waste Disposal (Charges for Disposal of Construction Waste)
Regulation (Amendment of Schedules) Notice 2016**

List of relevant papers

Date of meeting	Event	Papers
21 December 2015	Meeting of the Panel on Environmental Affairs	<p>Administration's paper on "Review of the Construction Waste Disposal Charging Scheme" (LC Paper No. CB(1)299/15-16(04))</p> <p>Background brief on reduction of construction waste prepared by the Legislative Council Secretariat (LC Paper No. CB(1)299/15-16(05))</p> <p>Minutes (LC Paper No. CB(1)630/15-16)</p> <p>Follow-up paper (LC Paper No. CB(1)829/15-16(02))</p>
11 May 2016	Waste Disposal (Charges for Disposal of Construction Waste) Regulation (Amendment of Schedules) Notice 2016 tabled at the Council meeting	<p>Legislative Council Brief (File Ref: EP CR 9/65/7)</p> <p>Legal Service Division Report (LC Paper No. LS52/15-16)</p>