



香 港 建 造 商 會

The Hong Kong Construction Association Ltd

A member of International Federation Of Asian And Western Pacific Contractors' Associations

22 November 2004

Our Ref:



0200002872

The Hon CHOY So Yuk
Chairperson
Panel on Environmental Affairs
Room A, 6/F, China Harbour Building
370 King's Road
North Point
Hong Kong

By Fax and By Post
2869 6794

Dear The Hon Choy,

Submission to the Subcommittee on Waste Disposal (Designated Waste Disposal Facility) (Amendment) Regulation 2004 and Waste Disposal (Changes for Disposal of Construction Waste) Regulation

We refer to your letter dated 12 November 2004 and are pleased to forward herewith our submission for your attention.

Yours sincerely,

Patrick Chan
Secretary General

Encl.

c.c. Mr Thomas Ho, HKCA Environmental Committee Chairman
Mr Derek Zen, HKCA Environmental Committee Vice-Chairman

**HKCA Submission to LegCo Subcommittee on
Waste Disposal (Designated Waste Disposal Facility)
(Amendment) Regulation 2004 and
Waste Disposal (Charges for Disposal of Construction Waste) Regulation**

Introduction

HKCA is supportive to the construction waste charging scheme with an ultimate goal to achieve waste reduction which helps to extend our landfill capacity. Good performers who generate less waste will not only contribute in conserving the environment, but also be rewarded in paying a lower overall waste disposal fee. However, the charging scheme must not be construed to impose extra burden on contractors especially on financial aspects.

Issues of Concern

1 Exemption

The current draft intended to exempt contracts that have been awarded before the commencement of the charging scheme. HKCA is of the opinion that exemption should be extended to all contracts that tender submission have been made before the implementation of the charging scheme. The reason being the time lapse between tender submission and contract award may vary from normally, a couple of months to, as long as nine months or more. We understand that there will be a notice period before the actual implementation of the charging scheme. However the contractor will be exposed to the additional construction waste charge if the employer takes a longer tender assessment period than the notice period. The use of the tender submission date as a demarcation is not uncommon in Hong Kong as both the Industrial Training (Construction Industry) Ordinance, Chapter 317 Section 21 (5)(a)(i) and Pneumoconiosis (Compensation) Ordinance, Chapter 360 Section 35 (7)(a)(i) adopt the same principle for the imposition of levy.

2. Deposits

The Regulation requires contractors to establish a billing account for contracts with a works value over \$1 million and pay a deposit of a specified amount. We understand from Environmental Protection Department that the amount of deposit is suggested to be \$350/chit (truck load) to \$400/chit. We do not agree

with such deposit arrangement as it will only increase the financial burden on contractors, large or small, but does not serve any real benefit. Alternatively, we have the following counter-proposals:

- a) Contractors who are on the registered lists maintained by Environment Transport and Work Bureau or Buildings Department be exempted from the deposit requirements. We trust all contractors will treasure more on their licenses than the deposits and there is no point to tie up a substantiate amount of cash flow.
- b) To reduce the deposit to, say \$50/chit (truck load) and refund to the account-holder plus interest at prevailing rate upon the closure of the account.

3. Payment of Charges

Under the draft, contractors are required to pay the prescribed charges within 30 days from the date of demand notice. However the payment period under standard Government contracts is 42 days from the date of application (21 days for payment certificate plus 21 days for release of payment). This period may be even longer for private sector contracts. As such, we request to revise the payment period to within 45 days from the date of demand notice.

We also request that contractors can extend the payment period if they can provide proof that payment from employers are not received. This will ease our concern in case employers breached their payment obligations.

Position of HKCA

We sincerely request the Honourable Councillors will consider our views above and that the Administration would revise the Regulation accordingly. We whole-heartedly agree that we need an environmental friendly and sustainable Hong Kong. We can still achieve our goal to reduce waste without imposing unnecessary extra burdens on the industry stakeholders.

HKCA / 17 November 2004