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Panel on Environmental Affairs

Meeting on 25 February 2015

**Updated background brief on
"Municipal solid waste charging in Hong Kong"
prepared by the Legislative Council Secretariat**

Purpose

This paper provides updated background information on the introduction of municipal solid waste ("MSW") charging in Hong Kong, and gives a brief account of the views and concerns expressed by members of the Panel on Environmental Affairs ("the Panel") on the subject.

Background

2. MSW comprises solid waste from households, commercial and industrial sources. This excludes construction and demolition waste, chemical waste and other special waste. According to the Government statistics¹ issued in February 2015, around 14 311 tonnes of waste was sent to the landfills each day in 2013, of which nearly 67% (or 9 547 tonnes) was MSW.

3. The Government published the "Hong Kong Blueprint for Sustainable Use of Resources 2013-2022" in May 2013 with a target of reducing MSW disposal rate by 40 per cent on a per capita basis by 2022. Among various initiatives, both MSW charging and producer responsibility schemes are the key policy tools to drive behavioural changes for waste reduction at source.

Public consultation in 2012

4. The Administration published a consultation document entitled "Strengthening Waste Reduction: Is Waste Charging an Option?" to consult the

¹ See "Monitoring of Solid Waste in Hong Kong – Waste Statistics for 2013":
<https://www.wastereduction.gov.hk/sites/default/files/msw2013.pdf>

public on the introduction of MSW charging and alternative means of charging in January 2012. According to the consultation findings, on the whole, there was majority support within the community for the introduction of quantity-based MSW charging as a policy tool to promote waste reduction and recovery. But views were fairly mixed when it came to the implementation details, including concerns about fly-tipping and other compliance and environmental hygiene issues. The specific level of the waste charge (though not being a subject of the public consultation) and the need of relief measures to help the needy to cope with the potential financial impact were also areas of concern.

5. In the light of the consultation findings, the Administration decided that a quantity-based MSW charging system should be the broad direction in pursuing MSW reduction. The Administration also considered it necessary to invite the Council for Sustainable Development ("SDC")² to conduct a second-stage public engagement to gauge the community's views and foster an in-depth discussion on the implementation details of MSW charging in Hong Kong.

Public engagement process in 2013

6. On 25 September 2013, SDC launched a four-month public engagement process entitled "Waste Reduction by Waste Charging · How to Implement?" to gauge views on how best to implement MSW charging in Hong Kong. The four key issues identified for soliciting public views during the public engagement process are listed as follows –

- (a) ***Charging mechanism*** – to explore different mechanisms in implementing quantity-based waste charging that are feasible in the unique settings of Hong Kong;
- (b) ***Coverage of charging scheme*** – to consider the implementation of charging scheme to all sectors in one go or to different sectors by phases;
- (c) ***Charging level*** – to consider a charging level which can be widely accepted by the public and induce behavioural changes in achieving waste reduction; and

² SDC was established by the Chief Executive as one of the initiatives to promote sustainability in Hong Kong. Members of SDC are appointed by the Chief Executive and include people with experience and expertise in the environmental, social and business sectors, as well as senior government officials. SDC is a forum for exchanging views on key issues related to Hong Kong's long term sustainability.

- (d) **Recycling** – to seek views on how to support local waste recycling activities to meet the community demand.

7. The public engagement process was completed in end January 2014. SDC's report on the public engagement is hyperlinked in the **Appendix**.

Pilot scheme on MSW charging conducted on 7 April 2014

8. In order to collect further public opinions and accumulate practical experience for implementation of MSW charging in future, the Environmental Protection Department ("EPD") launched a pilot scheme on MSW charging on 7 April 2014.

9. According to the Administration³, the pilot scheme would last for six months during which waste disposal statistics of the seven participating estates⁴ would be collected for analysis. A baseline survey would be conducted on each estate in the first month. Thereafter, each participating estate would test out the quantity-based charging options of their choice. The three charging options to be tried out in the pilot scheme are covered in the SDC's public engagement document. They are –

- (a) weight-based by buildings, under which the property management company ("PMC") would pay a mock waste charge based on the weight of the waste disposed of by the whole building at \$500 per tonne;
- (b) volume-based by buildings, under which PMC would pay a mock waste charge based on the volume of waste disposed of by the whole building at \$66 per bin (each with a volume of 660 litres); and
- (c) volume-based by households, under which individual households would purchase designated garbage bags priced at \$1 per 10-litre bag on average.

10. Upon the conclusion of the pilot scheme, EPD would compile a report to summarize the results and experience of the trial. EPD would also update SDC on the latest developments to facilitate the provision of comprehensive recommendations on the operational details by SDC.

³ See press release: <http://www.info.gov.hk/gia/general/201404/07/P201404070665.htm>

⁴ The seven participating estates are Amoy Gardens, Chai Wan Estate, Chun Seen Mei Chuen, Island Resort, Kwong Tin Estate, Tak Tin Estate and The Orchards.

Deliberations of the Panel

11. The Panel discussed issues relating to MSW charging and the public consultation conducted by the Administration in 2012 at its meetings on 24 January 2011, 19 January 2012 and 18 December 2012. On 25 November 2013, the Panel was consulted on the issues raised for the SDC's public engagement process. The Panel received deputations' views on the implementation of MSW charging in Hong Kong at its meeting on 16 December 2013. Representatives from SDC were also invited to join the meetings on 25 November and 16 December 2013. The major views and concerns expressed by members are summarized in the ensuing paragraphs.

Charging level

12. Members generally supported the introduction of MSW charging in Hong Kong and considered that MSW charging should aim at encouraging waste reduction, not cost recovery. The future MSW charge should be set at levels sufficient to drive behavioural change towards waste reduction. Since waste charging would incentivize the community to recycle waste, some members urged the Administration to make greater efforts to recycle waste and formulate a holistic development plan for the recycling industry. The levy collected from waste charging should be ploughed back to assist the development of the recycling industry.

13. Some members were concerned about the financial burden of MSW charging on low-income families and opined that concessionary arrangements and relief measures should be worked out to reduce the impact of MSW charging on the grassroots.

14. SDC advised that the level of MSW charge for Hong Kong had not yet been decided. MSW charging was by no means a revenue-generating initiative. It was expected that the future charging level should be acceptable to the community while effective in inducing behavioural change towards reducing and recycling waste. The Administration might consider using the levy collected to support the recycling industry and other green industries in Hong Kong.

Charging mechanism

15. Members generally considered that MSW charging based on total weight or volume of garbage disposed of by a building/estate (i.e. the "by building" charging mechanism) might not provide adequate economic incentives to reduce waste by individual waste producers. Such mechanism also had the possible drawback of unfairness as all the households in a building/estate were required

to share the MSW charge regardless of the actual amount of waste individual households disposed of. MSW charging based on the volume of waste disposed of by individual households could create more direct incentive.

16. Given the unique settings and city characteristics of Hong Kong, some members suggested the adoption of a hybrid charging system within a building/estate, under which some households would use pre-paid designated garbage bags for waste disposal while some other households which were not willing to use pre-paid bags would pay the MSW charge collectively based on the volume/weight of waste disposed of by all of them.

17. SDC acknowledged that the "by building" charging mechanism might not be effective in reducing waste as the MSW charge would be shared amongst all the households of a building/estate and individual households would therefore not be incentivized to produce less waste. However, some PMCs had expressed grave concerns about charging at household level as this might give rise to littering or fly-tipping. Some PMCs were worried that they might be in conflict with residents when they performed intense surveillance against fly-tipping, and might have difficulties in tracing the source of waste. In making recommendations on the charging mechanism to the Administration, SDC would take into account responses and feedback received in the public engagement exercise, including whether it would be feasible to adopt a phased approach in the initial phase of implementation to allow some residential estates to adopt the "by building" mechanism first and shift to the mechanism whereby the MSW charge was based on the quantity of waste disposed of by individual households at a later stage.

Implementation of MSW charging

18. There was a view that the Administration should consider adopting a phased approach to put in place MSW charging in multi-storey buildings/estates before extending the charging scheme to cover the entire Hong Kong. Some members suggested that MSW charging should be implemented in different sectors (i.e. households, commercial and industrial sectors) in phases, and some other members supported that a trial period be provided for households to familiarize with the charging scheme before making it mandatory. Some members supported that a progressive charging approach should be adopted such that waste collection could be free of charge at the initial stage.

19. SDC advised that it might be difficult for the community to reach consensus on which sector the charging should be applied first. However, SDC agreed that consideration should be given to piloting MSW charging in some buildings/estates before implementing the charging scheme in full scale.

20. Some members expressed concern about the implementation of MSW charging in single-block buildings ("SBBs") without building management. Some other members expressed concern about aggravation of fly-tipping in old districts following the implementation of waste charging. They suggested that more efforts should be made to educate the public about the need for waste reduction and ban unauthorized disposal of MSW.

21. SDC acknowledged the difficulties in implementing MSW charging in SBBs which did not have any PMC to co-ordinate waste collection activities. Monitoring and enforcement actions against non-compliance would need to be stepped up to prevent fly-tipping in these properties. Although most village houses and many SBBs did not have PMCs, most of the households in Hong Kong lived in multi-storey buildings with PMCs which could play a co-ordinating role in organizing waste disposal activities.

22. Members opined that the successful implementation of MSW charging in Hong Kong would require concerted efforts from relevant policy bureaux and government departments ("B/Ds"). In response to members' enquiry on how relevant B/Ds would collaborate to implement MSW charging, the Administration advised that SDC had formed a support group on MSW charging with members drawn from different stakeholder groups including representatives from EPD, Food and Environmental Hygiene Department and Housing Department. The relevant B/Ds would support SDC in carrying out the public engagement and jointly consider SDC's recommendations for taking the MSW charging forward.

Offsetting MSW charging by corresponding reduction in rates

23. While supporting the direction of introducing quantity-based MSW charging in Hong Kong, some members expressed concern about double levy since the charges for waste collection had already been included in government rates. They urged the Administration to consider offsetting MSW charging by a corresponding reduction in rates. A member, however, held the view that as waste charging would incentivize the community to reduce and recycle waste, there was no need to offset waste charges by rates reduction. Otherwise, this would defeat the intended purpose of waste charging. Besides, considerable administrative costs would be incurred by the offsetting arrangements. Nevertheless, concessionary arrangement should be worked out to reduce the impact of MSW charging on low-income families.

24. In response, the Administration said that offering economic incentives to the public might promote waste reduction. However, this alone would not lead to a substantial reduction in waste generation. The successful experience of other countries revealed that MSW charging was an essential component at

different steps along the way to waste reduction. The Administration had adopted a multi-pronged approach to tackle the waste problem in Hong Kong and was open towards various suggested measures to achieve waste reduction at source.

Motions passed

25. The Panel at the meeting on 18 December 2012 passed three motions which respectively demanded that, if the Government was to introduce quantity-based waste charging,

- (a) the rates should be lowered concurrently to avoid double levy;
- (b) a phased and progressive charging approach should be adopted and a "free of charge" policy should be adopted in the first phase; and
- (c) the charging should be based on the "revenue-neutral" principle, and the charges so collected should be rebated to those users who had succeeded in reducing waste.

Council questions

26. Hon Vincent FANG and Hon CHAN Hak-kan asked questions relating to the public consultation on MSW charging conducted in 2012 and the pilot scheme on MSW charging conducted in 2014 at the Council meetings on 21 March 2012 and 4 June 2014 respectively. Details of the Council questions and the Administration's responses are hyperlinked in the **Appendix** for ease of reference.

Latest developments

27. In its briefing for the Panel on the relevant policy initiatives featured in the 2015 Policy Address on 26 January 2015⁵, the Administration advised that SDC has submitted its report on the public engagement process to the Government. The Administration is studying the recommendations in the report and aims to report to the Legislative Council on a framework plan for implementation of MSW charging.

⁵ See paragraph 15 of LC Paper No. [CB\(1\)436/14-15\(01\)](#)

28. The Administration will brief the Panel on the framework proposal of how to implement MSW charging and consult members on a relevant staffing proposal at the Panel meeting on 25 February 2015.

Relevant papers

29. A list of relevant papers is in the **Appendix**.

Council Business Division 1
Legislative Council Secretariat
17 February 2015

Municipal solid waste charging in Hong Kong

List of relevant papers

Council/ Committee	Date of meeting	Paper
Panel on Environmental Affairs	24 January 2011	<p>Legislative Council Brief on "Update on the progress of the key initiatives in the 'Policy Framework for the Management of Municipal Solid Waste (2005-2014)'" issued by the Environment Bureau/Environmental Protection Department on 4 January 2011 (EP 86/03/175A)</p> <p>Minutes of meeting (LC Paper No. CB(1)1509/10-11)</p>
Panel on Environmental Affairs	19 January 2012	<p>Consultation Document on "Strengthening Waste Reduction: Is Waste Charging an Option?" provided by the Administration (LC Paper No. CB(1)819/11-12(01))</p> <p>Administration's paper on "Public Consultation on Municipal Solid Waste Charging" (LC Paper No. CB(1)855/11-12(05))</p> <p>Updated background brief on "Management of municipal solid waste in Hong Kong" prepared by the Legislative Council Secretariat (LC Paper No. CB(1)855/11-12(06))</p> <p>Minutes of meeting (LC Paper No. CB(1)1219/11-12)</p>
Panel on Environmental Affairs	18 December 2012	<p>Administration's paper on "Waste reduction through municipal solid waste charging: way forward" (LC Paper No. CB(1)276/12-13(01))</p> <p>Background brief on "Municipal solid waste charging in Hong Kong" prepared by the Legislative Council Secretariat (LC Paper No. CB(1)301/12-13(02))</p> <p>Minutes of meeting (LC Paper No. CB(1)568/12-13)</p>

Council/ Committee	Date of meeting	Paper
Panel on Environmental Affairs	25 November 2013	<p>Administration's paper on "Council for Sustainable Development's Public Engagement on Municipal Solid Waste Charging - "Waste Reduction by Waste Charging. How to Implement?" (LC Paper No. CB(1)314/13-14(03))</p> <p>Updated background brief on "Municipal solid waste charging in Hong Kong" prepared by the Legislative Council Secretariat (LC Paper No. CB(1)314/13-14(04))</p> <p>Minutes of meeting (LC Paper No. CB(1)772/13-14)</p> <p>Administration's supplementary paper on "Council for Sustainable Development's Public Engagement on Municipal Solid Waste Charging - "Waste Reduction by Waste Charging. How to Implement?" (LC Paper No. CB(1)591/13-14(01))</p>
Panel on Environmental Affairs	16 December 2013	<p>Administration's paper on "Council for Sustainable Development's Public Engagement on Municipal Solid Waste Charging - "Waste Reduction by Waste Charging. How to Implement?" (LC Paper No. CB(1)314/13-14(03))</p> <p>Updated background brief on "Municipal solid waste charging in Hong Kong" prepared by the Legislative Council Secretariat (LC Paper No. CB(1)314/13-14(04))</p> <p>Minutes of meeting (LC Paper No. CB(1)1103/13-14)</p>

Hyperlinks to relevant Council Questions:

Date	Council Question
21 March 2012	Council question raised by Hon Vincent FANG http://www.info.gov.hk/gia/general/201203/21/P201203210219.htm
4 June 2014	Council question raised by Hon CHAN Hak-kan http://www.info.gov.hk/gia/general/201406/04/P201406040494.htm

Hyperlinks to relevant documents:

Organization	Document
Environment Bureau	Hong Kong Blueprint for Sustainable Use of Resources 2013-2022 http://www.enb.gov.hk/en/files/WastePlan-E.pdf
Council for Sustainable Development	Invitation for Response Document entitled "Waste Reduction by Waste Charging · How to Implement?" http://www.susdev.org.hk/share/pdf/MSW_IR_ENG.pdf Report on the Public Engagement Process on Municipal Solid Waste Charging http://www.susdev.org.hk/share/pdf/mswc_sdc_report_e.pdf