

**Public Accounts Committee Public Hearing on
the Director of Audit's Report No. 65
Chapter 1: Government's efforts in managing municipal solid waste**

Opening Remarks by the Acting Secretary for the Environment

Chairman,

Introduction

1. The Government has been mobilising community efforts to adopt the principle of “reduce, reuse and recycle”. The major relevant policy documents are the *Policy Framework for the Management of Municipal Solid Waste (2005-2014)* (“the Framework”) and the targets and actions plans updated therein in January 2011; and the *Hong Kong Blueprint for Sustainable Use of Resources (2013-2022)* (“the Blueprint”). Every target or strategy is of an on-going nature, and the action plans involved are all practicable. What I mean by “practicable” is that they are implementable. When formulating our policies, stakeholders and the public were engaged; and their collaboration and support obtained. The implementation progress of these policies is also reported to the Legislative Council (LegCo) on a regular basis.
2. A key point I must emphasize at the outset is that reducing the per-capita-per-day MSW disposal) is the key objective of this Administration's Blueprint. There are many areas in our Blueprint that are a continuation from the Framework published in 2005, but there are also areas of departure. A major point of departure is the adoption of a single target to reduce per-capita-per day MSW disposal because this is the most pertinent objective.
3. If we were to use the per-capita-per-day perspective and look at how Hong Kong has done since 2005, the per-capita-per-day MSW disposal in 2014 is 1.35 kilograms, showing a slight decrease as compared to 1.38 kilograms in 2005.
4. I will now elaborate on the key points raised in the Audit Report. My colleagues and I will then respond to Members' question.

Reduction in MSW

Methodology Used for Estimation

5. I would like to address the method for estimating the MSW recovery rate. A key point is that there are constraints in collecting relevant data. In particular, estimation of the quantity of local recovery depends very much on the provision of sufficient and accurate data by the trades concerned. When calculating the local recovery rate, we mainly make use of the trade statistics on domestic-export recyclables to estimate the quantity of local recovery. This is also one of the methodologies adopted worldwide.
6. As pointed out in the Audit Report, the MSW recovery rate increased from 43% in 2005 to 52% in 2010, but then dropped significantly to 37% in 2013. In fact, we noticed in 2012 major fluctuations in the domestic-export statistics on recyclable plastics. We took the initiative to commission an independent consultant in late 2012 to undertake a study to look into this. The study concluded that the current methodology used is the most appropriate approach for Hong Kong as a free trading port. In response to the consultant's recommendations, the EPD, the Census and Statistics Department (C&SD) and the Customs and Excise Department (C&ED) have taken improvement measures. These include stepping up efforts in explaining the definition of domestic-export recyclables to the trades concerned, and introducing a checking mechanism to verify the information declared. We briefed the Panel of Environmental Affairs of the LegCo on 26 July 2013 and 24 March 2014 on this matter. These improvement measures will be on-going. In paragraph 2.22 of its report, the Audit Commission also recognises our efforts in this regard.
7. Furthermore, I must emphasise that in line with the import/export controls over waste as imposed by other international cities, Hong Kong has strict laws prohibiting local disposal of imported waste. The EPD joins the C&ED in conducting random inspection of imported goods, including recyclables. Over the past three years, about 2,000 containers of various recyclables were inspected. All were found to be commodities with commercial value that could be transformed into raw materials, and no household garbage or contaminated recyclable plastics was found. In addition, we have put in place stringent control at landfills to prevent illegal

disposal of imported waste. Imported recyclable plastics are not being disposed of at landfills.

8. I would like to emphasize that, although there were problems found in the estimation of MSW recovery rate after we published the Blueprint in May 2013, that has not undermined our goal to strive for reducing Hong Kong's per-capita MSW disposal rate. We are working hard to implement all the action plans to achieve the target we set.

Producer Responsibility Schemes (PRS) and Quantity-based MSW Charging

9. Let me now deal with Producer Responsibility Schemes and MSW Charging. We share the concern raised in the Audit Report about the implementation progress of the PRS and MSW charging scheme. The Audit Report sets out the reasons for the longer-than-expected time required, particularly the fact that each scheme has to go through comprehensive public consultation and stringent legislative vetting procedures. For the current Administration, we have so far submitted three pieces of PR legislation to the LegCo, and the plastic shopping bag charging scheme is already in force. As regards waste electrical and electronic equipment treatment and the recycling facility, funding approval has been obtained and the facility is under construction. As for MSW charging, the Council for Sustainable Development has completed the public engagement process, and has made specific recommendations on its implementation. The EPD has set up an inter-departmental working group to prepare the legislative proposal for scrutiny by the LegCo in the 2016-17 session. Getting the draft legislation ready is one of the top priorities of the EPD.
10. Regarding the review of effectiveness, the Audit Commission considers that we should be more comprehensive in reporting the impact of the PRS on plastic shopping bags. We agree with this direction and will strive to do better. However, we note that this part of the Audit Report has been misconstrued by some as implying that the Government has overstated the effectiveness of the plastic shopping bag PRS. This is incorrect. In fact, paragraph 2.46 of the Audit Report has affirmed the effectiveness of Phase 1. As regards the discrepancies between the figures from the survey on the disposal of plastic shopping bags and the number of plastic shopping

bags distributed by registered retail outlets, they simply reflect the differences in the comparability of the figures collected through different channels. We have all along been assessing, through multiple perspectives, the effectiveness of the various measures, and we will continue to consider improving the statistical methodologies as proposed in the Audit Report.

Recovery of MSW

11. As regards the Audit recommendations on the improvement of the Programme on Source Separation of Waste, we have already enhanced our communication with participating housing estates and reminded them to submit recovery statistics. We have also suggested to the housing estates to let residents know their achievement in waste recovery. We will continue to support them.
12. The Audit Commission has recommended that the Government should consider providing appropriate assistance through the Recycling Fund to promote the sustainable development of the recycling industry of waste plastics. We agree and will facilitate the trade in putting forward their applications as soon as possible.

Recycling of MSW

Development of the EcoPark

13. The development of the EcoPark is one of the Government's key measures to support the local environmental industry. Since 2012, ten tenants at EcoPark have successively commenced operation. Two tenants are taking forward the planning and construction of their plants, while another has finished construction and machine installation and is ready for trial runs. We will implement the Audit recommendations through enhanced management of tenants. If difficulties are encountered by a tenant, we will see how to give assistance. If the tenant is found to have breached the terms of the tenancy, the EPD will issue warnings and will also consider taking appropriate legal actions, including the termination of the tenancy where necessary.

Treatment and disposal of MSW

Estimation on Time for Landfills Reaching Design Capacity

14. The Audit Report gives an account on the various assumptions that can be adopted in estimating the serviceable lives of landfills. This, however, has been misconstrued by some as implying that the Government's estimation is incorrect and that the Government sought to mislead the LegCo. The Government has explained in detail to the Audit Commission the assumptions adopted in estimating the serviceable lives of landfills. The methodology we use is set out in paragraphs 5.16 to 5.19 of the Audit Report. The Audit Commission has accepted our explanation. I wish to emphasize that we did not mislead the LegCo and did not seek to mislead the LegCo.

15. In fact, the LegCo did discuss in detail the estimated serviceable lives of landfills when scrutinising funding applications in 2014, and Members were provided with the information they requested, including those on the assumptions adopted in the estimation. When estimating the time for landfills reaching design capacity, the Government will take account of factors such as historical trends of waste disposal and projections of population growth. That said, the EPD will take on board Audit recommendation that when submitting future funding applications we should make every effort to provide the LegCo with the basic assumptions and quantifiable information used in estimating the remaining serviceable lives of landfills.

Long-term Planning Study on Waste Disposal Infrastructure

16. I think both the public and Members of this Council understand that despite the progressive implementation of various measures on reduction at source, reuse and recycling, there will still be a considerable amount of residual waste that needs to be disposed of at landfills. Population rise and economic development may also increase the amount of waste. The existing and planned waste management facilities may not be sufficient to cope with them. We have commenced a long-term planning study on waste disposal infrastructure this September. Based on the concepts of achieving a circular economy and building a smart city, the study will

identify the additional strategic and regional facilities required in Hong Kong for bulk transfer and disposal of MSW, with a view to reducing our reliance on landfills and achieving sustainable development in the long run.

Conclusion

17. Chairman, the Government will continue to actively take forward the measures set out in the Blueprint, and will strengthen our efforts to clearly publicise the significant landfill problem. While we are fully aware of our citizens' aspirations for a quality environment, we have to drive behavioural changes within our community to reduce waste at source and enhance participation in waste recovery. We will endeavour to formulate waste management policies from new perspectives, and will collaborate with this Council and every sector in society to ensure their smooth implementation, with a view to building a better living environment.
18. Thank you, Chairman.