



Web site 網址 : <http://www.cedd.gov.hk>  
E-mail 電子郵件: [petermok@cedd.gov.hk](mailto:petermok@cedd.gov.hk)  
Telephone 電話 : 2762 5555  
Facsimile 傳真 : 2714 0113  
Our reference 本署檔號: ( ) in CEDD FM/4-35/1C  
Your reference 來函檔號: CB4/PAC/R67

香港九龍公主道 101 號  
土木工程拓展署大樓  
Civil Engineering and  
Development Building,  
101 Princess Margaret Road,  
Kowloon, Hong Kong

3 January 2017

Public Accounts Committee  
Legislative Council Secretariat  
Legislative Council Complex  
1 Legislative Council Road  
Central, Hong Kong

(Attn: Mr. Anthony CHU)

Dear Sirs,

**Public Account Committee  
Consideration of Chapter 4 of the Director of Audit's Report No. 67**

**Management of abandoned construction and demolition materials**

In response to your letter dated 19 December 2016, the Administration would like to provide the requested information for Members' reference.

Yours faithfully,

(Peter P C MOK)

for Director of Civil Engineering and Development

Encl.

c.c. Director of Environmental Protection (fax no. 2872 0376)  
Secretary for Financial Services and the Treasury (fax no. 2147 5239)  
Director of Audit (fax no. 2583 9063)

**Public Accounts Committee  
Questions and Request for Information in respect of  
Chapter 4 of the Director of Audit's Report No. 67  
Management of abandoned construction and demolition materials**

**Reply from Civil Engineering and Development Department**

**Part 2 : Construction Waste Disposal Charging Scheme**

1. The Administration is requested to explain why the situation mentioned in paragraph 2.10 of the Audit Report occurred. Whether the Administration will review and adjust the levels of charges under the charging scheme on a regular basis to ensure that the levels of charges will conform with the principles of user pay and full recovery of the capital and recurrent costs of the facilities deployed for disposal of abandoned C&D materials in the future?

**Reply :**

Following the implementation of the Construction Waste Disposal Charging Scheme in 2006, we have been monitoring its overall implementation situation. We have also examined the charging level. Yet, in view of a host of considerations (including the Government's overall moratorium on fees and charges for public services from 2008 to 2010, and the prevailing developments of the scheme for the delivery of surplus fill for reuse in the Mainland which has left the costs of the disposal scheme to be determined), we have not proposed any fee revision. Subsequently, the Environment Bureau published in May 2013 the "Hong Kong Blueprint for Sustainable Use of Resources 2013 – 2022", which indicated the charging level will be adjusted according to a review scheduled to be completed by 2015. We have completed the review in accordance with the said timetable and the new charges will come into effect, pursuant to the Waste Disposal (Charges for Disposal of Construction Waste) Regulation (Amendment of Schedules) Notice 2016, on 7 April 2017.

Looking ahead, we will conduct fees and charges review in accordance with Financial Circular No. 6/2016 on an annual basis. In conducting the reviews, apart from the user-pay and the full cost recovery principles, we

will also take into account such factors including the effectiveness of the charges in reducing waste, environmental considerations, as well as impact on the trade and other relevant stakeholders.

2. Whether the Administration agrees that its failure to review and adjust the charge rates under the charging scheme in the past decade and under-recovery of cost has reduced the effectiveness of the charging scheme?

**Reply :**

Following the implementation of the Construction Waste Disposal Charging Scheme in 2006, the quantity of construction waste disposed of at landfills has been substantially reduced<sup>1</sup> and maintained at a relatively low level as compared with the situation before the implementation of the scheme. This shows that the scheme is effective in reducing waste.

As the Environment Bureau/Environmental Protection Department (EPD) have pointed out in their proposal on increasing construction waste disposal charges submitted to the Legislative Council in early 2016, the generation of construction waste from construction work is to some extent inevitable. Once waste reduction measures in a project have reached certain level, the marginal effect on waste reduction attributable to increase in disposal charges will be reduced. In fact, the increase in the disposal of construction waste in recent years is mainly due to the significant growth in construction works. Nevertheless, we agree that the charging level should be reviewed regularly so as to ensure that the charges can effectively encourage waste reduction.

3. Regarding the situation described in paragraph 2.21 of the Audit Report, whether the Administration agrees that its failure to conduct the lack of annual review of the charge rates from 2007 to October 2014 was at variance with the requirement set out in Financial Circular No. 6/2006 on

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<sup>1</sup> The implementation of Construction Waste Disposal Charging Scheme has significantly alleviated the pressure on the landfills. Before implementing the charges, the three-year average of construction waste disposed of at landfills stood at 6,600 tonnes per day, whereas after implementation of the charges, it has reduced to some 3,200 tonnes per day; the three-year average for 2013-2015 has maintained at about 3,200 tonnes per day.

Fees and Charges; if so, what measures will be taken by the Administration to ensure that it will act in accordance with the requirement set out in the aforesaid circular in the future?

**Reply :**

Please refer to the reply to question (1) above.

**Part 3 : Measures to increase reuse of fill materials**

4. As shown in Table 5 in paragraph 3.9 of the Audit Report, only 20%, 14%, 29% and 31% of fill materials were recovered from abandoned C&D materials in 2009, 2010, 2014 and 2015 respectively, a long way off meeting the inert-content requirement mentioned in paragraph 1.4(c) of the Audit Report. The Administration is requested to explain the reasons for that and what measures will be taken to ensure that fill materials recovered from abandoned C&D materials will meet the inert-content requirement?

**Reply :**

During sorting, inevitably a certain portion of inert content (fill material) of the abandoned C&D materials cannot be sorted out due to contamination (e.g. sanitary ware and steel being bound to concrete). Such contaminated abandoned C&D materials would have to be disposed of at landfills. As mentioned in paragraph 3.12(a) of the Audit report, the actual quantity of fill materials that could be sorted from abandoned C&D materials would generally be lower than the inert content of the abandoned C&D materials accepted for disposal at sorting facilities.

Regular samplings of vehicle loads and sorted materials have been carried out by the Civil Engineering and Development Department (CEDD) and EPD at the sorting facilities to ascertain whether the vehicle loads comply with the inert content requirement and to monitor the efficiency of the sorting process. The latest inert content survey completed in October 2016 revealed that the percentage of vehicle loads meeting the inert content requirement (contains more than 50% by weight) at sorting facilities was

about 70%. Besides, according to CEDD's investigation, for vehicle loads complying with the inert content requirement for acceptance at sorting facilities, about 85% of fill materials can be recovered by the sorting process. CEDD will continue to work with EPD to closely monitor the effectiveness of the screening methodology at the sorting facilities.

## **Part 5 : Way forward**

5. As shown in paragraph 5.8 of the Audit Report, high delivery cost is involved in exporting fill materials outside Hong Kong. Please provide details about the delivery cost for the past three years.

### **Reply :**

Between 2013-14 and 2015-16, the estimates of expenditure of the CEDD in public fill management are \$750 million, \$887 million and \$944 million respectively, which mainly includes the operation and maintenance costs of public fill reception facilities, costs for the delivery of public fill to the Mainland disposal site and supply to local projects for reuse, the associated staff costs and administrative expenses as well as provision of necessary facilities for disposal of fill material at the disposal site. The CEDD does not maintain separate cost breakdown for the delivery service to Taishan.

6. According to Appendix A to the Audit Report, whether the Administration has, at the present stage, tried to get an idea of Taishan's demand for fill materials in the next five years? How will the Administration deal with the situation in case Taishan does not need fill materials anymore? As there will still be a number of urban redevelopment projects to be undertaken in Hong Kong in the next few years, whether the Administration has assessed the total quantity of C&D materials and the impact on the charge rates?

### **Reply :**

Reducing the generation of fill materials locally and facilitating local

reuse of fill materials are amongst the priorities in our waste management strategy. At present, major public works projects, including the infrastructural projects undertaken by the public organisations, are required to draw up Construction and Demolition Material Management Plans. The Plans would have to assess the volume of construction and demolition materials produced, and to identify outlets for beneficial reuse and recycling of any surplus excavated materials. The Public Fill Committee chaired by the Director of Civil Engineering and Development also oversees the coordination of major capital works projects undertaken by the works departments and major public organisations to promote the local reuse of fill materials. Over the next few years, it is expected that a number of fill-absorbing projects will commence and will ease the need for delivery of fill materials to the Mainland. As regards the charging level, we will conduct fees and charges review in accordance with Financial Circular No. 6/2016 on an annual basis. In conducting the reviews, apart from the user-pay and the full cost recovery principles, we will also take into account such factors including the effectiveness of the charges in reducing waste, environmental considerations, as well as impact on the trade and other relevant stakeholders.

7. What is the progress of follow-up actions taken by the Secretary for the Environment and the Director of Civil Engineering and Development in respect of the recommendation in paragraph 5.10? Whether the Government has any relevant statistics or target cities in mind at present? If target places are quite far away from Hong Kong, whether EPD has conducted a preliminary assessment of the impact on the charge rates?

**Reply :**

We have all along conducted annual joint liaison meetings with the relevant Mainland authorities at the senior level regarding the surplus public fill delivery scheme to examine the actual operation of the delivery of fill materials to Taishan, delivery arrangements in the coming year, as well as long term planning including the exploration of other suitable receptor sites. On the other hand, the availability of a suitable receptor site depends on the needs of the relevant Mainland authorities and involves a host of relevant factors (such as technical feasibility and planning). Once the relevant delivery costs and expenses are known, we will conduct fees

and charges review in accordance with Financial Circular No. 6/2016 on an annual basis. In conducting the reviews, apart from the user-pay and the full cost recovery principles, we will also take into account such factors including the effectiveness of the charges in reducing waste, environmental considerations, as well as impact on the trade and other relevant stakeholders.