

**Responses to Questions Raised at the Meeting of
Bills Committee on Waste Disposal
(Charging for Municipal Solid Waste) (Amendment) Bill 2018
On 5 December 2018**

Further to the supplementary information note issued on 4 January 2019 in response to items (a), (b), (d), (e), (f), (g), (j) and (k) of the follow-up actions arising from the discussion at the meeting of the Bills Committee held on 5 December 2018, this note sets out our response to items (c), (h) and (i).

- (c) *the views of the Competition Commission, if any, in respect of the potential arrangement for sale of "designated bags" under the Bill at retail outlets, in lieu of (i) retailers' distribution of plastic shopping bags which are currently subject to environmental levy, and/or (ii) the sale of non-designated bags;*

Under the proposed municipal solid waste (MSW) charging regime, the pre-paid designated bag (DB) and designated label (DL) for MSW disposal would be the key charging tools to impose MSW charges. The Director of the Environmental Protection may sell or authorize any person to sell DBs and DLs. Making reference to the distribution network adopted in other cities which have implemented MSW charging, we propose to establish a network consisting of some 4 000 sale points at supermarkets, convenience stores, gas stations and post offices, etc. In addition, some vending machines will be set up in and/or near rural areas and refuse collection points; and online sale of DBs and DLs would also be considered.

Separately, under the Plastic Shopping Bag Charging Scheme and pursuant to section 18A(1) and (2) of the Product Eco-responsibility Ordinance (Cap. 603), if there is a sale by retail of goods to a customer, the seller must charge the customer an amount of not less than 50 cents (as the plastic shopping bag (PSB) charge) for each PSB provided at the time of the sale or for promoting the goods or otherwise in connection with the sale. This is a levy imposed by the aforementioned Ordinance but not a price at which sellers are “selling” PSBs. Having consulted the Competition Commission (CC), it is considered that there is no “market” for the distribution of PSBs by supermarkets to individual shoppers. Payment of a levy does not mean that shoppers are “purchasing” a PSB. Hence in respect of the distribution of PSBs to shoppers it should not raise competition concerns.

The legal requirement for a seller of goods to charge for PSB provided will remain unchanged after the implementation of MSW charging, and

DBs would not be subject to the same control on PSB as provided for under the Product Eco-responsibility Ordinance. In order to promote re-use and waste reduction and achieve the effect of “one bag for dual purposes” which is also adopted in other cities that practise MSW charging, we plan to invite authorized retailers to sell DBs instead of providing PSBs. We do not plan to make this a mandatory requirement and it would be up to the authorized retailers of DBs to choose whether to sell DBs in lieu of PSBs. Much would also depend on willingness of the consumers if and when the authorized retailers of DBs offer them such an option.

As far as the implication on the sale of non-designated bags and the sale of PSBs in bulk to supermarkets is concerned, while the mandatory requirement to use DBs for disposal of MSW is expected to significantly reduce the scope of the use of non-DBs, the CC recognizes that it is a balancing act for the Government to weigh between achieving the policy objective of the implementation of the proposed MSW charging regime and the potential impact on the non-DB market.

- (h) (i) the respective numbers of posts in the relevant government bureaux/departments and their contractors (if any) that are currently involved in the administration of the Construction Waste Disposal Charging Scheme ("CWDCS") and enforcement against illegal depositing/disposal of construction waste; (ii) the proportions of the posts mentioned in (i) that were created after the enactment of the legislation for CWDCS; and (iii) the financial implications of (ii);***

The Construction Waste Disposal Charging Scheme (CWDCS) came into operation in January 2006, and was implemented through internal redeployment of staff resources within the Environmental Protection Department (EPD) and Civil Engineering and Development Department at the time of inception. No additional staffing resources were provided for its implementation and administration. Based on the latest costing review exercises of the relevant disposal charges, it was estimated the staff cost entailed in the two departments for the operation of the relevant disposal facilities and the administration of the charging arrangements is about \$78 million per annum, and the equivalent number of full-time staff is estimated to be around 110. In addition, under the operation contracts of the relevant waste disposal facilities (e.g. landfills) that accept construction waste, the contractors are required to deploy sufficient resources to cope with the daily operation of the facilities. We do not have the figure on the number of staff engaged by the contractors only for the CWDCS.

Enforcement over fly-tipping of construction waste is part and parcel of the routine enforcement duties of EPD and the relevant departments, including the FEHD, Lands Department, and Highways Department. We do not have the separate breakdown on the manpower resources specifically involved in enforcement over fly-tipping of construction waste.

- (i) ***the estimated additional manpower resources (including the number of both permanent and contract staff) required for the implementation of the Bill;***

Non-enforcement manpower required for implementing the MSW charging

According to the Legislative Council Brief (File Ref: EP CR/9/65/3) issued by the Environment Bureau and the Environmental Protection Department (EPD) on 31 October 2018 regarding the Waste Disposal (Charging for Municipal Solid Waste) (Amendment) Bill 2018, it is estimated that the creation of around 60 civil service posts in EPD and the Food and Environmental Hygiene Department (FEHD) is necessitated. These posts are non-enforcement staff. Being the administration authority of the MSW charging, the EPD will require substantial manpower to undertake a whole range of new and heavy responsibilities. These include developing the charging infrastructure required for the MSW charging, as well as mapping out and administering the charging arrangements such as engaging contractors for the manufacturing, inventory and distribution of designated garbage bags/labels at 4 000 odd authorised sales outlets and to manage such contracts; developing registration and billing systems for charging private waste collectors by way of “gate-fee” at refuse transfer stations and landfills; and launching a major publicity and public education campaign to prepare the community for the introduction of MSW charging. The estimated annual expenditure for the manpower mentioned above is around \$46 million.

Enforcement manpower required for implementing the MSW charging

As regards the use of pre-paid designated garbage bags/labels, which is required under MSW charging, having regard to some 22 000 waste reception points, over 45 000 buildings and considerable waste reception points across the territory, we plan to adopt a risk-based approach targeting at the list of black spots based on complaints and

intelligence. EPD and FEHD may, according to preliminary estimation, require a few hundred enforcement staff.

We will further review and ascertain the actual manpower requirements having regard to the public response to public education and publicity work; the effectiveness of proposed supportive and complementary measures including the proposed establishment of new outreaching teams to provide on-site assistance and the pilot schemes for the provision of free collection service in respect of waste plastics from non-commercial and non-industrial sources as well as food waste mainly from commercial and industrial (C&I) sources; and the effectiveness of FEHD's stepped-up efforts to deal with littering and fly-tipping problems (such as the effectiveness of applying innovation and technology to facilitate compliance).

Manpower required for implementing related complementary measures

To complement the implementation of MSW charging, the Government has announced in the Policy Address in last October the allocation of additional recurrent resources to strengthen our complementary and education work on promotion of waste reduction and recycling. The Government will provide an additional provision of around \$300 to \$400 million for the financial year (FY) 2019/20 to start with, which will be further increased to no less than \$800 to \$1,000 million from the FY when MSW charging is to be implemented. The amount of this annual provision will be commensurate with the estimated gross revenue to be generated from MSW charging so as to achieve the effect of "dedicated-fund-for-dedicated-use", i.e. the revenue generated from MSW charging will be used for enhancing waste reduction and recycling as well as related measures and work.

Relevant waste reduction and recycling work under planning include regularisation of funding support for Community Recycling Centres (CRCs) with a view to encouraging these non-government organisations-operated centres to enhance their local waste reduction and recycling support, in close collaboration with the outreaching teams; the expansion of free territory-wide collection service in the longer run subject to the experience gained from the pilot schemes to collect waste plastics from non-commercial and non-industrial sources and food waste mainly from C&I sources, as well as the progress of developing food waste recycling facilities in Hong Kong; and implementation of a pilot scheme to assess the effectiveness of applying

reverse vending machines (RVMs) in promoting the recycling of waste plastic beverage containers.

Outreaching Teams

To further enhance on-site support for recycling, we will set up new outreaching teams directly under EPD. Building on the existing waste reduction and recycling network, the outreaching teams will collaborate closely with the community green stations (CGSs) and other community partners to educate the public on the importance of waste reduction at source and assist them in practising waste separation and clean recycling, as well as in identifying proper outlets for recyclables. At the same time, the outreaching teams will also promote at the district level the various waste reduction and recycling initiatives launched by the EPD, including the producer responsibility scheme (PRS) on glass beverage containers and MSW charging etc., so as to raise public awareness and enhance stakeholders' understanding on the implementation details. We will kick-start pilot outreaching services in the Eastern, Kwun Tong and Sha Tin districts. After gaining actual experience, we will gradually expand the outreaching services to all districts in Hong Kong. We expect that about 200 additional staff will be needed starting from the 2019/20 FY to progressively set up 30 to 35 outreaching teams (each comprising 5 to 6 staff). The estimated expenditure for the 2019/20 FY is about \$130 million.

Pilot schemes for collection service in respect of waste plastics from non-commercial and non-industrial sources

To raise the quantity of waste plastics recovered from households and enhance public confidence in the waste separation and recycling system, EPD plans to roll out a two-year pilot scheme in the Eastern, Kwun Tong and Sha Tin districts to provide free collection service for waste plastics from non-commercial and non-industrial sources. Service contractors engaged by EPD will directly collect waste plastics from non-commercial and non-industrial premises in the community such as public and private housing estates, schools, public organisations and EPD's CRCs and CGSs etc., for onward processing including sorting, shredding, cleaning and melting to produce recycled raw materials or products which will then be supplied to the local market or exported. Apart from ensuring proper handling of the collected waste plastics, this would also facilitate the development of the downstream recycling industry. Having regard to the data collected and experience gained in the pilot scheme and the development of the PRS on plastic beverage

containers, we will consider expanding the free collection service for non-commercial and non-industrial waste plastics to cover the whole territory. The estimated expenditure for the 2019/20 FY is around \$70 million.

Pilot schemes for collection service in respect of food waste

We will continue to promote food waste source separation in C&I sectors, and plan to make use of the Organic Resources Recovery Centre Phase 1 as well as the food waste/sewage sludge co-digesting facilities in Tai Po to conduct a two-year pilot scheme for free collection of food waste mainly from C&I sources, with a view to exploring the feasibility of extending the food waste collection service (which covers transportation and treatment free of charge) to cover all sectors in Hong Kong. The estimated expenditure for the 2019/20 FY is approximately \$60 million.

Pilot scheme on RVMs

The Government is preparing to introduce a pilot scheme on RVMs in 2019 by placing them at various locations to assess their performance and effectiveness in recycling waste plastic beverage containers. The estimated expenditure for the 2019/20 FY is some \$4 million.

As regards the additional civil service staff required for the above waste reduction and recycling measures, we are compiling the relevant information and will brief the Panel on Environmental Affairs (the Panel) in due course. The Panel will also be consulted on the proposed creation of the directorate posts concerned.

**Environmental Protection Department
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