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Panel on Environmental Affairs

Meeting on 25 February 2019

**Updated background brief on
municipal solid waste charging
prepared by the Legislative Council Secretariat**

Purpose

This paper provides updated background information on municipal solid waste ("MSW") charging. It also gives a brief account of the views and concerns expressed by Members when the subject was discussed by relevant committees of the Legislative Council ("LegCo").

Background

Municipal solid waste disposal and collection

2. MSW comprises domestic, commercial and industrial solid waste, and excludes construction and demolition waste, chemical waste and other special waste. According to the waste statistics published by the Environmental Protection Department ("EPD"), 15 516 tonnes of solid waste was landfilled each day in 2017, of which around 70% (10 733 tonnes) was MSW.¹

3. At present, the Food and Environmental Hygiene Department ("FEHD") and its contractors provide direct waste collection services for most residential buildings managed by property management companies, including public housing estates and various institutional premises. Waste collected from these

¹ See "Monitoring of Solid Waste in Hong Kong – Waste Statistics for 2017":
<https://www.wastereduction.gov.hk/sites/default/files/msw2017.pdf>.

sources is conveyed to landfills or refuse transfer stations ("RTSs") without any charges levied on the waste producers. Commercial and industrial ("C&I") establishments are not serviced by FEHD. Their waste, as well as that of some residential buildings, is collected and delivered to landfills or RTSs by private waste collectors ("PWCs"). A charge is payable by PWCs for MSW delivered to RTSs.²

Proposed municipal solid waste charging

4. Based on the findings of a public consultation in 2012, the Administration affirmed that quantity-based MSW charging should be the broad direction in pursuing MSW reduction. In 2013, the Council for Sustainable Development ("SDC") conducted a second-stage public engagement exercise on the implementation framework of MSW charging. Having regard to the implementation framework proposed by SDC and views from stakeholders, the Administration has proposed the two charging modes below:

- (a) for MSW collected by FEHD, as well as MSW collected by PWCs using refuse collection vehicles with rear compactors, charging will be imposed through requiring the use of pre-paid designated garbage bags or designated labels. Some 80% of daily MSW disposed of at landfills will be subject to this charging mode; and
- (b) for the remaining MSW collected by PWCs using refuse collection vehicles without compactors, such as grab lorries, demountable trucks and tippers, a gate fee will be charged at landfills or RTSs based on the weight of MSW disposed of.³

² The charge, currently in the range of \$30 – \$110 per tonne, was intended to enable the Government to recover at least the marginal cost for handling waste delivered to RTSs by PWCs. Other than that, no charge is required for MSW disposed of at landfills. Separately, individual charging schemes are in place for the disposal of chemical waste, construction waste and clinical waste in Hong Kong.

³ When the Administration consulted the Panel on Environmental Affairs ("EA Panel") on 27 March 2017, the then proposed MSW charging framework also included (a) a transitional period to allow residential buildings using FEHD's direct refuse collection service to adopt a charging mechanism on the basis of "by volume of waste disposed by the building", and (b) application of the gate fee to MSW disposal through PWCs using refuse collection vehicles with rear compactors. The Administration subsequently removed these two elements after taking into account the stakeholders' views, and put forth the revised charging modes as mentioned in paragraph 4 above for further consultation with EA Panel on 30 October 2017. These revised charging modes have been incorporated in the legislative proposal under the Waste Disposal (Charging for Municipal Solid Waste) (Amendment) Bill 2018. The Bill is under scrutiny by a bills committee of LegCo.

5. Under the current proposal, the charge for designated garbage bags is set at \$0.11 per litre.⁴ The designated garbage bags will be of nine different sizes from 3-litre up to 100-litre to cater for the needs of different users. For designated labels, which are to be used for oversized waste that cannot be wrapped in a garbage bag, a uniform rate of \$11 per label is proposed (i.e. equivalent to the price of a 100-litre designated garbage bag).

6. The gate fee is proposed to be \$395 per tonne at the four urban RTSs and Northwest New Territories Transfer Station, and \$365 per tonne at other RTSs and landfills.⁵ A hybrid registration system will be adopted under which both PWCs and waste producers can be registered as account holders for paying the gate fee.⁶ The charging levels of designated garbage bags, designated label and gate fee will be maintained for the first three years of implementation of MSW charging, and a review will be conducted thereafter.

7. To drive necessary behavioural and cultural changes, the Administration plans to adopt a multipronged strategy that includes (a) provision of a preparatory period of 12 to 18 months after the passage of the relevant legislative proposal; (b) enhanced support for waste reduction and recycling; (c) intensive public education, publicity and engagement drives; (d) application of innovation and technology initiatives; (e) assistance for the needy through increasing the standard rates under the Comprehensive Social Security Assistance Scheme; and (f) a risk-based enforcement approach.

8. A six months' phasing-in period will be put in place after the commencement of MSW charging. During this period, frontline staff of FEHD will conduct visual screening at waste reception points and reject non-compliant waste. Warnings will be given to offenders, unless the nature and magnitude of the offence call for enforcement actions. After the phasing-in period, strict enforcement actions will be taken on a risk-based approach, with particular attention given to black spots. EPD and FEHD will, based on complaints and

⁴ At this charging level, if a three-member household uses a 10-litre designated garbage bag for daily disposal of MSW, it will have to pay around \$33 a month.

⁵ To avoid any over-capacity problem, the existing charging differential of \$30 per tonne between disposal at urban RTSs and landfills is proposed to be maintained after the implementation of MSW charging and be applied to Northwest New Territories Transfer Station. The charging level for disposal of MSW at other RTSs will remain at the same level as that at landfills because there is no alternative waste disposal outlet to those RTSs.

⁶ This proposed arrangement aims to address the concerns of PWCs about potential cash flow and bad debt problems which may arise if they are required to pay the gate fee upfront, but their clients fail to repay them in time.

reports on non-compliance, conduct surveillance and enforcement actions at different premises. Fixed penalty tickets at \$1,500 each will be issued to offenders intercepted on the spots, and prosecution by way of summons will be taken against serious and repeated offenders.

Manpower arrangements related to waste reduction and recycling

9. To prepare for the implementation of MSW charging, EPD set up the Waste Management (Special Duties) Division ("SDD") in 2015 through redeployment of existing manpower and creation of time-limited posts for three years from 2015-2016 to 2017-2018. In this connection, the Finance Committee approved on 20 November 2015 the creation of two supernumerary directorate posts in EPD for three years to lead SDD. The Finance Committee also approved on 6 April 2018 the creation of a permanent directorate post in EPD to lead its existing Waste Reduction and Recycling Division to implement ongoing measures and formulate new initiatives to promote waste reduction and recycling as well as the sustainable development of the recycling industry.

10. Currently, the Administration intends to set up a Municipal Solid Waste Reduction Office under EPD after the passage of the Waste Disposal (Charging for Municipal Solid Waste) (Amendment) Bill 2018. The new office, which will subsume all relevant resources in EPD on MSW charging, will be responsible for taking forward the preparation, implementation, enforcement and review of MSW charging in conjunction with other departments.

Director of Audit's Report No. 65

11. In October 2015, the Director of Audit completed a review of the Administration's efforts in managing MSW, and the relevant report was published in the Director of Audit's Report No. 65 ("Audit Report"). The Public Accounts Committee of LegCo noted from the Audit Report that the Administration had failed to meet the original time target for putting in place an MSW charging scheme, and urged for expeditious implementation of the initiative, with a view to meeting the waste reduction targets set out in the "Hong Kong: Blueprint for Sustainable Use of Resources 2013-2022".⁷

⁷ Published in May 2013, the "Hong Kong: Blueprint for Sustainable Use of Resources 2013-2022" sets a target of reducing MSW disposal rate by 40% on a per capita basis by 2022. The introduction of MSW charging is one of the key policy tools in the Blueprint to drive behavioural changes for waste reduction.

Major views and concerns expressed by Members

12. The Panel on Environmental Affairs ("EA Panel") discussed MSW charging with the Administration and SDC at various meetings since January 2011, and received public views on the subject in December 2013 and May 2017. The Establishment Subcommittee and Finance Committee also discussed related issues when they considered staffing proposals to prepare for the implementation of MSW charging or other waste reduction measures. The Public Accounts Committee held two public hearings in December 2015 to receive evidence on the findings and observations of the Audit Report. The Bills Committee on Waste Disposal (Charging for Municipal Solid Waste) (Amendment) Bill 2018 has held three meetings so far to discuss the Bill, including one meeting to receive public views on the Bill. The major views and concerns expressed by Members on MSW charging and related manpower arrangements are summarized in the ensuing paragraphs.

Effectiveness of the proposed MSW charging scheme

13. Members generally supported in principle the introduction of quantity-based waste charging in Hong Kong, but had reservations about the effectiveness of the proposed MSW charging scheme in achieving the relevant policy objectives including waste reduction and recycling. Some Members suggested that the Administration should adopt a carrot-and-stick approach in which, in tandem with the implementation of MSW charging, rewards would be given to individual households based on the amounts of waste reduced or recyclables recovered.

14. The Administration responded that experiences in other places showed that quantity-based waste charging, coupled with other related measures, was effective in achieving waste reduction. The implementation of MSW charging might help reduce waste disposal by some 20% as envisaged. Moreover, community involvement projects related to MSW charging had been carried out in various types of premises. The generally positive outcomes of these projects boded well for the effectiveness of MSW charging in reducing waste and promoting recycling. For the provision of financial awards based on the amount of waste reduced, the Administration advised that it did not accord with the "polluter pays" principle. An incentive scheme based on the amount of recyclables recovered might inadvertently encourage consumers to purchase disposable products. Nevertheless, to promote recycling, various Community Recycling Centres and Community Green Stations had been distributing and would continue to distribute gifts and souvenirs to members of the public for the recyclables they brought to these facilities.

Enhanced resource provision for waste reduction and recycling

15. Members generally welcomed the Administration's plan to provide additional recurrent resources for strengthening work on waste reduction and recycling to complement the implementation of MSW charging, and sought elaboration on the uses of such additional resources.⁸

16. The Administration advised that priority of the uses of the additional recurrent resources would be given to supporting the recycling of materials of lower economic value, such as food waste and waste plastics. The waste reduction and recycling work to be supported by the additional resources would include:

- (a) setting up outreaching teams to enhance on-site support for recycling;
- (b) providing free collection service for waste plastics from non-commercial and non-industrial ("Non-C&I") sources under a pilot scheme;
- (c) providing free collection service for food waste from commercial and industrial ("C&I") premises under a two-year pilot scheme and expanding the service to all sectors in the long run; and
- (d) implementing a pilot scheme to assess the effectiveness of applying reverse vending machines ("RVMs") in promoting the recycling of waste plastic beverage containers.

17. Apart from the above, Members made a number of suggestions on other complementary measures, in particular the implementation of producer responsibility scheme ("PRS") on various product categories. Other suggestions included formulating policies on mandatory source separation of waste, enhancing support to the development of the local recycling industry, and revamping the waste collection and recycling systems/facilities.

18. The Administration advised that according to the experiences of other cities, while the successful implementation of waste charging was underpinned

⁸ The Chief Executive announced in the 2018 Policy Address that to complement the implementation of MSW charging, the Government would provide an additional provision of around \$300-400 million for the 2019-2020 financial year to start with, which would be further increased to no less than \$800 million to \$1 billion from the financial year when MSW charging was to be implemented. The amount of this annual provision would be commensurate with the estimated gross revenue to be generated from MSW charging.

by a range of complementary measures, such measures were developed progressively over a period of time. In preparation for the introduction of MSW charging in Hong Kong, a Steering Group on the Modification of Recycling and Refuse Collection Facilities in Public Places had been set up to review the existing designs and distribution of related facilities and recommend modifications as appropriate.⁹ Meanwhile, EPD had been conducting a consultancy study to explore the feasibility of introducing a PRS on plastic containers of beverages and personal care products. In parallel, the Administration was preparing subsidiary legislation related to the implementation of a PRS on glass beverage containers and aimed to introduce it to LegCo for scrutiny in the first half of 2019.

Compliance facilitation and enforcement

19. Members raised doubts about the Administration's capability in enforcing MSW charging. They were concerned that the implementation of MSW charging might aggravate fly-tipping and give rise to charge evasion as well as abuse of litter containers ("LCs") in public places. Members enquired how the Administration would overcome the possible difficulties in taking enforcement actions against offenders while striking a balance between monitoring compliance and privacy protection.

20. The Administration advised that to deter fly-tipping, more internet protocol ("IP") cameras would be installed at black spots at public places,¹⁰ and surveillance cameras with smart technology would be progressively introduced under the "Multi-functional Smart Lampposts" pilot scheme. The Administration was also exploring the application of other technologies, such as installation of global positioning system on refuse collection vehicles, to track and/or deter disposal of non-compliant MSW. The Administration would draw up a list of black spots based on the intelligence and complaints received from the public and property management companies after obtaining the agreement of relevant residents' organizations/property management companies. Besides, mobile applications could be developed for members of the public to report non-compliant cases.

⁹ Chaired by the Secretary for the Environment, the Steering Group comprises members drawn from relevant sectors, including design and planning, academia, business, non-profit groups and district bodies. Relevant government departments such as Agriculture, Fisheries and Conservation Department, FEHD and Home Affairs Department are included as well.

¹⁰ According to the Administration, IP cameras had been installed at around 150 locations by end of 2018, and more will be installed with a view to covering at least 170 locations in 2019.

Manpower resources and financial implications

21. Members enquired about the additional manpower resources required for the implementation of MSW charging and related complementary measures.

22. The Administration advised that the introduction of MSW charging was estimated to necessitate the creation of around 60 civil service posts for non-enforcement tasks.¹¹ In addition, around 30 to 35 new outreaching teams, each comprising five to six staff members, would be created, involving about 200 posts. As regards the actual manpower resources required for enforcement, the Administration advised that it would depend on a number of factors such as compliance situation.

Council questions

23. At the Council meetings of 21 March 2012, 4 June 2014, 21 June 2017, 12 July 2017 and 5 December 2018, Hon Vincent FANG, Hon CHAN Hak-kan, Ir Dr Hon LO Wai-kwok and Hon Frankie YICK asked questions relating to MSW charging respectively. The questions and the Administration's replies are hyperlinked in the **Appendix**.

Recent development

24. At the EA Panel meeting on 25 February 2019, the Administration will brief the Panel on its proposal to create/re-create nine directorate posts in EPD, including three permanent posts and six supernumerary posts, to undertake the relevant work. The Administration plans to submit the proposal to the Establishment Subcommittee and the Finance Committee in April 2019.

Relevant papers

25. A list of relevant papers is set out in the **Appendix**.

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¹¹ Non-enforcement tasks included the administration of the contracts for the manufacture, inventory and distribution arrangements of designated garbage bags/labels as well as the registration and billing systems related to the collection of gate fee.

Municipal solid waste charging

List of relevant papers

Date	Event	Paper
24 January 2011	Meeting of the Panel on Environmental Affairs ("EA Panel")	<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 (File Ref: EP 86/03/175A)</p> <p>Minutes of meeting (LC Paper No. CB(1)1509/10-11)</p>
19 January 2012	Meeting of EA Panel	<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>Minutes of meeting (LC Paper No. CB(1)1219/11-12)</p>
18 December 2012	Meeting of EA Panel	<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>Minutes of meeting (LC Paper No. CB(1)568/12-13)</p>
25 November 2013	Meeting of EA Panel	<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>Minutes of meeting (LC Paper No. CB(1)772/13-14)</p> <p>Administration's follow-up paper (LC Paper No. CB(1)591/13-14(01))</p>

Date	Event	Paper
16 December 2013	Special meeting of EA Panel	Minutes of meeting (LC Paper No. CB(1)1103/13-14)
25 February 2015	Meeting of EA Panel	Administration's paper on "Framework proposal for implementation of municipal solid waste charging" (LC Paper No. CB(1)560/14-15(08)) Minutes of meeting (LC Paper No. CB(1)726/14-15)
23 June 2015	Meeting of the Establishment Subcommittee	Administration's paper (EC(2015-16)3) Minutes of meeting (LC Paper No. ESC110/14-15)
20 November 2015	Meetings of the Finance Committee	Minutes of meetings (LC Paper No. FC163/15-16) (LC Paper No. FC164/15-16)
27 March 2017	Meeting of EA Panel	Administration's paper on "Implementation arrangements for municipal solid waste charging" (LC Paper No. CB(1)697/16-17(01)) Minutes of meeting (LC Paper No. CB(1)1268/16-17)
24 April 2017	Meeting of EA Panel	Administration's paper on "Manpower Arrangements for implementation of Measures on Waste Reduction and Recycling" (LC Paper No. CB(1)824/16-17(03)) Minutes of meeting (LC Paper No. CB(1)1297/16-17)
29 May 2017	Special meeting of EA Panel	Minutes of meeting (LC Paper No. CB(1)617/17-18) Administration's follow-up paper (LC Paper No. CB(1)1347/16-17(02))

Date	Event	Paper
30 October 2017	Meeting of EA Panel	Administration's paper on "Implementation of municipal solid waste charging" (LC Paper No. CB(1)126/17-18(02)) Minutes of meeting (LC Paper No. CB(1)399/17-18) Administration's follow-up paper (LC Paper No. CB(1)357/17-18(02))
20 December 2017 and 10 January 2018	Meetings of the Establishment Subcommittee	Administration's paper (EC(2017-18)11) Minutes of meetings (LC Paper No. ESC87/17-18) (LC Paper No. ESC88/17-18)
23 March and 6 April 2018	Meetings of the Finance Committee	Administration's paper (FCR(2017-18)64)
22 October 2018	Policy briefing for EA Panel	Administration's paper on "2018 Policy Address - Policy initiatives of Environment Bureau: Environmental protection" (LC Paper No. CB(1)10/18-19(01)) Minutes of meeting (LC Paper No. CB(1)276/18-19)
26 November 2018	Meeting of EA Panel	Legislative Council Brief on Waste Disposal (Charging for Municipal Solid Waste) (Amendment) Bill 2018 (File Ref: EP CR/9/65/3)
5 December 2018	Meeting of Bills Committee on Waste Disposal (Charging for Municipal Solid Waste)(Amendment) Bill 2018 ("Bills Committee")	Minutes of meeting (LC Paper No. CB(1)530/18-19)

Date	Event	Paper
7 January 2019	Meeting of Bills Committee	Administration's written response to items (a), (b), (d), (e), (f), (g), (j) and (k) of the list of follow-up actions arising from the meeting on 5 December 2018 (LC Paper No. CB(1)396/18-19(03))

Hyperlinks to relevant documents:

Organization	Document
Environment Bureau	Hong Kong Blueprint for Sustainable Use of Resources 2013-2022
Council for Sustainable Development	Invitation for Response Document entitled "Waste Reduction by Waste Charging · How to Implement?" Report on the Public Engagement Process on Municipal Solid Waste Charging

Hyperlinks to relevant Council Questions:

Date	Council Question
21 March 2012	Press release on Council question (written) raised by Hon Vincent FANG
4 June 2014	Press release on Council question (written) raised by Hon CHAN Hak-kan
21 June 2017	Press release on Council question (oral) raised by Ir Dr Hon LO Wai-kwok
12 July 2017	Press release on Council question (written) raised by Hon Frankie YICK
5 December 2018	Press release on Council question (written) raised by Hon CHAN Hak-kan