

PROVISIONAL LEGISLATIVE COUNCIL BRIEF

Waste Disposal Ordinance
(Chapter 354)

WASTE DISPOSAL (REFUSE TRANSFER STATION) (AMENDMENT) REGULATION 1998

INTRODUCTION

A At the meeting of the Executive Council on 23 June 1998, the Council ADVISED and the Chief Executive ORDERED that the Waste Disposal (Refuse Transfer Station) (Amendment) Regulation 1998, at Annex A, should be made under section 33 of the Waste Disposal Ordinance.

BACKGROUND AND ARGUMENT

General Background

2. The Waste Disposal (Refuse Transfer Station) Regulation (the Regulation) came into operation on 25 February 1998. The Regulation provides a basis for charging private waste collectors which choose to use refuse transfer stations (RTSs) for disposing of waste. Charges for disposal of waste collected by or on behalf of the Provisional Urban Council, Provisional Regional Council and Government departments are exempted.

3. The RTSs which are covered by the charging scheme are specified in column 2 of the Schedule to the Regulation. The Schedule currently specifies the Island East Transfer Station (IETS) and West Kowloon Transfer Station (WKTS).

4. The NLTS is closest to the new Hong Kong International Airport at Chek Lap Kok which is schedule to open for commercial operation on 6 July 1998. Waste generated by the Airport Authority (AA) and its tenants in the Passenger Terminal Building will be collected and transported by the AA's waste contractor. The AA's franchisees and lessees will employ their own contractors to handle their waste. The Government Property Agency's contractor will be responsible for handling the waste generated by Government departments.

The North Lantau Transfer Station

5. Municipal solid waste arising from the North Lantau development and the new airport will normally be delivered to the NLTS for processing and subsequent transfer to the West New Territories Landfill by marine vessel. The new airport's

occupants would be the biggest users of the NLTS until Tung Chung New Town is more developed. Other private waste collectors would be allowed to use the NLTS, although the tonnage delivered by them is expected to be small.

The Proposal

6. Government has to pay the NLTS operator a fee based on the tonnage of waste handled, subject to a minimum fee payable. The present minimum fee is about \$24 million per annum, which is based on 100 tonnes of waste per day. Whilst it is general government policy to recover the full cost of service provision, it would be impractical in this case. The full-cost charge (capital cost plus fixed and marginal operating costs), estimated at \$396 per tonne initially, would be economically unattractive. Although the AA has agreed to deliver all the airport waste to the NLTS, the AA's franchisees and lessees and other private waste collectors are not bound by this and would be unlikely to use the NLTS. The NLTS would then be very under-utilised.

7. The marginal operating cost to Government for handling an additional tonne of private waste at the NLTS is \$64. Having regard to the potential savings (e.g. distance from WKTS, bridge tolls, etc.) to private waste collectors on using the NLTS service, we propose to charge \$110 per tonne for using the NLTS during both peak and non-peak hours. The proposed charging basis is in line with that for the IETS and WKTS. There is no need at present to provide for different peak and non-peak hour charges as we expect the utilisation of the NLTS to be low for some time.

THE AMENDMENT REGULATION

8. The proposed Amendment Regulation adds the NLTS to the Schedule of the principal Regulation and prescribes the charge payable for its services. The Amendment Regulation will come into operation when it is gazetted on 26 June.

PUBLIC CONSULTATION

9. The Advisory Council on the Environment and the Provisional Regional Council Environmental Hygiene Select Committee have been consulted and supported the proposal. The AA has also indicated that they would accept the arrangements.

HUMAN RIGHTS IMPLICATIONS

10. The Department of Justice advises that the proposed Amendment Regulation is consistent with the human rights provisions of the Basic Law.

FINANCIAL AND STAFFING IMPLICATIONS

11. The proposed charge would generate an estimated revenue of \$8.03 million per annum. The proposal would result in estimated marginal costs of \$4.67 million per annum, mainly for payments of additional fees to the NLTS operator and for administration of the account billing system. These costs and the additional workload

arising from the implementation of the proposal will be absorbed from within the existing provision of Environmental Protection Department. A statement of the costs and revenue figures is at Annex B.

ECONOMIC IMPLICATIONS

12. The proposal provides an option for private waste collectors to save time, fuel and manpower costs.

PRODUCTIVITY

13. The development and operation of the RTSs are contracted out to experienced waste management companies through open tender. This approach has been found to give the best value for money in overall terms. The Environmental Protection Department will conduct regular reviews on the waste assignment pattern for the various RTSs and its administrative resources allocation to minimise the overall cost of providing the refuse transfer services and to improve efficiency.

ENVIRONMENTAL IMPLICATIONS

14. The NLTS is designed and operated to very high environmental standards. It is beneficial to the environment by promoting the use of the NLTS which facilitates the transportation of waste in bulk to the landfills, thus reducing traffic and vehicle emissions caused by long haulage of waste by waste collection vehicles.

LEGISLATIVE TIMETABLE

15. The Legislative timetable will be -

Publication in the Gazette	26 June 1998
Tabling in the Legislative Council	8 July 1998

PUBLICITY

16. A press release will be issued on 26 June.

ENQUIRIES

17. For further enquiries, please contact Miss Vivian Ko, Assistant Secretary (Environment) of the Planning, Environment and Lands Bureau at 2848 2979.

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(AMENDMENT) REGULATION 1998**

ANNEXES

- Annex A - Waste Disposal (Refuse Transfer Station) (Amendment) Regulation 1998
- Annex B - Provision of North Lantau Transfer Station Service to Private Waste Collectors - Estimated Annual Marginal Costs and Revenue to Government

**WASTE DISPOSAL (REFUSE TRANSFER STATION) (AMENDMENT)
REGULATION 1998**

(Made by the Chief Executive in Council under section 33 of the
Waste Disposal Ordinance (Cap. 354) after consultation with
the Advisory Council on the Environment and the
Provisional Regional Council)

**1. Charges for disposal of waste at
refuse transfer stations**

The Schedule to the Waste Disposal (Refuse Transfer Station) Regulation (L.N. 14 of
1998) is amended by adding -

"3. North Lantau Transfer Station at PLA No. TW353, Siu Ho Wan, North Lantau, N.T. (Boundaries delineated in Plan number NANTA 80-A)	(a) For each load of 1 tonne or less	\$110	\$110
	(b) For each load of more than 1 tonne	\$1.10	\$1.10
	(c) For each load of waste in respect of which the Director is of the opinion that -	\$110	\$110".

- (i) it is impractic-
able to
ascertain the
actual weight
of the load; or
- (ii) to ascertain
the actual
weight of the
load will
cause public
health
problems

Clerk to the Executive Council

COUNCIL CHAMBER

1998

Explanatory Note

This Regulation amends the Schedule to the Waste Disposal (Refuse Transfer Station) Regulation (L.N. 14 of 1998) by adding the North Lantau Transfer Station as a refuse transfer station to which that Regulation applies. The Regulation also prescribes the charges for disposal of waste at that refuse transfer station.

Provision of North Lantau Transfer Station Service to Private Waste Collectors

Estimated Annual Marginal Costs and Revenue to Government

Total

Estimated Waste Arisings (tonnes / day)		
Airport Waste		190
Commercial and Industrial Waste		10
	(A)	200
Marginal Cost to Government (\$/tonne)	(B)	64
Proposed Charge (\$/tonne)	(C)	110
Annual Marginal Cost (\$ million)	(A) x (B) x 365 days	4.67
Annual Revenue (\$ million)	(A) x (C) x 365 days	8.03