

Construction Waste Disposal Charging Scheme

Purpose

This paper seeks members' endorsement of the draft Waste Disposal (Charges for Waste Disposal) Regulation and the draft Waste Disposal (Designated Waste Disposal Facility) (Amendment) Regulation, which provides for the implementation of the construction waste disposal charging scheme.

Background

2. In April 2003, we informed Members, through ACE Paper 14/2003, of the detailed arrangements of the proposed construction waste disposal charging scheme. The charging scheme comprises the following key features -

- (a) to charge construction waste disposed of at landfills, sorting facilities and public fill reception facilities;
- (b) to set the disposal charge at \$125 per tonne at landfills, \$100 per tonne at sorting facilities¹ and \$27 per tonne at public fill reception facilities;
- (c) to establish a direct settlement system and require major waste producers, mainly construction contractors (which generate about 70 - 80% of construction waste), to open billing accounts and pay charges direct to the Government;
- (d) for the remaining construction waste arising mostly from renovation works, to remove on-site payment arrangement and require all charges to be paid through billing accounts²; and
- (e) to exempt all construction contracts that are awarded before the

¹ If the sorting facilities are to be run as private facilities, the private operators would set the sorting charge.

² We informed members in April 2003 that we proposed to levy the charges through waste haulers who deliver the wastes to the facilities. The charges would be collected on a monthly basis with a credit period of 30 days. Collection of the charges from waste haulers would be suspended if they can produce evidence that they are unable to collect the same amount from the waste producers. However, waste haulers had grave concerns about possible cashflow and bad debt problems. Having carefully considered the pros and cons of different options, we have further revised the payment arrangement by removing on-site payment at the facilities and requiring all charges to be paid through billing accounts. This revised charging arrangement has been accepted and supported by the waste haulers.

commencement of the charging scheme.

3. The Legislative Council (LegCo) passed the Waste Disposal (Amendment) (No.2) Bill 2003 (the Bill), which is the enabling legislation for implementing the charging scheme, on 2 July 2004. (A copy of the Bill is at Annex A.) The details of the charging scheme will be provided in the Waste Disposal (Charges for Waste Disposal) Regulation and the Waste Disposal (Designated Waste Disposal Facility) (Amendment) Regulation. The draft Regulations had been deliberated by the LegCo Bills Committee set up to scrutinize the Bill. We have taken into account the comments of the Bills Committee when finalizing the Regulations.

Proposed Waste Disposal (Charges for Waste Disposal) Regulation

4. The proposed Waste Disposal (Charges for Waste Disposal) Regulation (the Charging Regulation) sets out the details of the construction waste disposal charging scheme. The major areas are highlighted in paragraphs 5-13 below.

Definition of “construction waste” and “construction work”

5. For the purpose of charging, section 2 defines “construction waste” as “any substance, matter or thing which is generated as a result of construction work and abandoned, whether or not it has been processed or stockpiled before being abandoned”. Section 2 also defines “construction work”.

Charges payable for disposal of construction waste at the waste disposal facilities

6. Sections 3 – 6 provide for charges payable by users of landfills, sorting facilities and public fill reception facilities.

Payment of charges through billing accounts

7. Section 10 stipulates that all waste disposal charges shall be paid through billing accounts. In other words, no on-site payment arrangement will be available at the construction waste disposal facilities.

Mandatory requirement for main contractors undertaking construction works valued \$1 million or above to open billing accounts and pay charges through the accounts

8. Section 11 requires that any main contractor who undertakes a construction work with a value of \$1,000,000 or above shall, within 21 days after being awarded the construction work, apply to the Director of Environmental Protection (the Director) for a billing account. Charges for disposal of waste from such construction works shall only be paid through the main contractors’ billing accounts. Main contractors who fail to open billing accounts as required commit an offence under this section and are liable on conviction to a fine at level 5 and, in the case of a continuing offence, to a further daily fine of \$1,000 for each day during which the

offence continues. Also, main contractors who fail to pay the disposal charges through the billing accounts are liable on conviction to a fine at level 5.

Granting, suspension and revocation of billing accounts

9. Section 12 provides for the Director to grant a billing account and impose general conditions for granting the account as he thinks fit, including a condition requiring the applicant to pay to the Director a deposit of such amount and within such time as the Director may specify as security of payment of a charge or surcharge.

10. Section 15 provides that where the total amount of the unpaid charge and surcharge is not paid within 14 days from the date on which the surcharge becomes payable, the Director may suspend the relevant billing account, and where the final notice of demand is not settled, the Director may revoke the billing account. An account-holder of a revoked billing account may apply for reinstatement of the account, provided that all outstanding charges and surcharges, and a deposit of an amount specified by the Director have been paid.

Exemption of construction contracts awarded before the commencement of the charging scheme

11. Section 16 provides for the Director to exempt construction works awarded before the commencement of the Charging Regulation.

Offences and Penalties

12. Section 20 provides that any person who knowingly or recklessly provides incorrect or misleading information, or certifies as correct anything which is incorrect, commits an offence and is liable to a fine at level 6.

Types of construction waste to be accepted at the waste disposal facilities and the level of charges

13. Schedules 1 to 3 set out the appropriate waste content for acceptance at landfills, sorting facilities and public fill reception facilities, and the charges payable by users for disposal of construction waste at these facilities.

Proposed Waste Disposal (Designated Waste Disposal Facility)(Amendment) Regulation

14. The proposed Waste Disposal (Designated Waste Disposal Facility)(Amendment) Regulation sets out the related powers for the Director to implement the charging scheme in the Government-owned facilities. Clause 3 amends section 4 of the existing Regulation to empower the Director to turn away vehicles carrying inappropriate types of waste for the waste disposal facilities in

question.

Legislative Timetable

15. We intend to submit the Regulations to the Executive Council (ExCo) in September 2004. Subject to the approval of the ExCo, we will table the Regulations at LegCo in October 2004, with a view to implementing the charging scheme in mid 2005.

Advice Sought

16. Members are invited to advise whether the draft Waste Disposal (Charges for Waste Disposal) Regulation and the draft Waste Disposal (Designated Waste Disposal Facility) (Amendment) Regulation, at Annex B and C respectively, should be recommended to the Chief Executive-in-Council.

Environment, Transport and Works Bureau
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