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**(ACE Paper 25/97)**  
**for advice**

## **Review of Charges for the Disposal of Chemical Waste at the Chemical Waste Treatment Centre**

### **Introduction**

This paper seeks Members' advice on a proposed increase in charges for the disposal of chemical waste at the Chemical Waste Treatment Centre (CWTC).

### **Background**

2. The CWTC commenced operation in April 1993 to provide an integrated chemical waste treatment facility to assist waste producers to comply with legislative "cradle-to-grave" controls over chemical waste. Initially the service was provided free of charge in order to encourage waste producers to change their environmentally unsatisfactory methods of disposal and comply with legislative controls.

3. In line with the polluter pays principle and in order to create an economic incentive for waste producers to practise waste minimisation, reuse and recycling, on 16 July 1993 Members of the former Environmental Pollution Advisory Committee endorsed Government's proposal to introduce a phased direct charging scheme to recover the costs of the CWTC (EPCOM Paper 30/93-94). Under this scheme,

- (a) users were charged directly according to the quantity and type of waste treated at the CWTC;
- (b) the initial charges were set at levels recovering approximately 20% of the variable operating cost (VOC) for each waste stream; and
- (c) the charging levels would be increased gradually with a view to achieving full VOC recovery by the eighth year following the implementation of charging.

4. On 16 January 1995, Members endorsed Government's proposal to enact the Waste Disposal (Charges for Disposal of Chemical Waste) Regulation. This provides for the charges payable to the Director of Environmental Protection (DEP) for the disposal of chemical waste at the CWTC (ACE Paper 1/95). The charges were set out in two schedules which came into force on 16 March 1995 -

(a) Schedule 1

The charge levels in Schedule 1 were based on approximately 20% VOC recovery and applied to all chemical waste other than "special chemical waste" which was covered under Schedule 2. Over 99% of the chemical waste treated at the CWTC falls under Schedule 1.

(b) Schedule 2

Full cost recovery is applied to chemical waste which are of a special nature or generated under special circumstances. These include wastes containing Polychlorinated Biphenyl, expired or off-specification chemical substances and damaged chemicals.

5. On 25 March 1996, Members endorsed the Government's proposal to increase the charges for disposal of chemical waste to recover 25% of the VOC for Schedule 1 and 8% inflation adjustment for all charges (ACE Paper 9/96). Members also endorsed the Government's proposed cost recovery plan as follows -

Year	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04 and after
VOC recovery %	31	38	46	55	68	82	100

6. At the March 1996 meeting, Members also suggested that the operation of the CWTC should be reviewed in order to ensure efficiency.

## **Review**

7. We have commissioned a consultancy to review the CWTC operations and the contract with the operator to ensure that the CWTC operates efficiently and meets the needs of the chemical waste producers. The consultancy commenced in late November 1996 and is expected to finish by mid-1997. We will advise Members of the findings after we have reviewed the final report from the consultant.

## **Proposed Increase in Charges**

8. We propose to increase the charges for the disposal of chemical waste at the CWTC as indicated in Schedule 1 and Schedule 2 (at Annex) to take into account the following-

- (a) increase in VOC recovery rate (Schedule 1 only) -

In accordance with the endorsed cost recovery plan, we propose to increase the VOC recovery rate from 25% to 31%. Government will continue to bear 59% of the VOC, as well as the full fixed operating costs and capital costs.

- (b) increase in inflation -

The operating charges paid to the operator of the CWTC are adjusted according to the movement of the Consumer Price Index (B).

9. The proposed fee levels shown in the Annex represent increases of 33% and 7% respectively.

## **Implementation**

10. We intend to implement the revised charges in June 1997.

## **Public Consultation**

11 We issued a consultation paper to all CWTC users, relevant trade and industrial organisations and other interested parties to seek their views on the proposed increase in charges. We have received seven telephone responses and five written replies. Waste producers objected to the proposed increase on the ground that the increased waste disposal charges would increase their operating costs and adversely affect their commercial viability. Green groups generally supported our proposed charges. One considered that the proposed increases were insignificant in comparison to the companies' profit and suggested that higher charges should be applied with other waste reduction and recycling measures being incorporated.

12. A liaison meeting with trade associations will be held on 16 April 1997. Members will be advised of the outcome at the ACE meeting.

### **Advice Sought**

13. Members are requested to advise whether the proposed increased charges set out at the Annex should be adopted.

**Planning, Environment and Lands Branch**  
**April 1997**