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For discussion on 16 January 2012

Public Consultation on Municipal Solid Waste Charging

INTRODUCTION

On 10 January 2012, the Government published a consultation document (at **Annex**) entitled “Strengthening Waste Reduction: Is Waste Charging an Option?”. This paper briefs Members on the consultation document.

BACKGROUND

2. In January 2011, we announced the Government’s action plan to tackle the imminent waste problem in Hong Kong. Under the theme of “Reduce, Recycle and Proper Waste Management”, the action plan sets out a series of initiatives relating to waste reduction at source, introduction of advanced waste treatment facilities as well as timely extension of the landfills. In the past year, different progress has been achieved progressively for these initiatives.

3. Municipal solid waste (“MSW”) charging is a policy tool to encourage waste reduction at source and has been adopted in many international cities, though through different charging mechanisms with reference to waste quantity, a proxy or a fixed charge. Practical experience shows that the effectiveness of these charging approaches differs from one to another; the same applies to the complementary measures required at the community. While we now consult the community on the subject of MSW charging, we aim to engage the public in in-depth deliberation on the merits of these charging approaches as well as their implications. As indicated in the Consultation Document, irrespective of the charging approach to be adopted, MSW charging carries far-reaching implications. Before we move forward

and make a policy decision on MSW charging, Hong Kong community should carefully examine the pros and cons of these charging options and their impact on our community so as to consolidate a community consensus.

WHY DO WE NEED TO CONSIDER MSW CHARGING?

4. On environmental grounds, there is a strong case for the Government to actively explore the feasibility of MSW charging in line with the “polluter pays” principle as a useful economic means to encourage waste reduction and recycling. This is because experience from selected international cities (in particular Taipei City and Seoul where quantity-based charging has been put in place) suggests that MSW charging could be an effective economic incentive that changes behaviour and leads people to cut down on waste generation, particularly if there is a direct linkage between the waste charge and the quantity of waste being generated.

5. As explained in Chapter 3 of the Consultation Document, as an illustration, domestic waste disposal in Taipei City and Seoul (where MSW charging has been in place) is significantly lower than our level. Despite our efforts in promoting waste recovery, there is a limit as to how far our community could do in further raising the waste recovery rate by a significant margin in the absence of a major mindset and behavioural change.

EXPERIENCE OF THE SELECTED JURISDICTIONS

6. From international experiences of MSW charging we could generalise four broad charging approaches, namely (i) a quantity-based system, (ii) a proxy system, (iii) a fixed charge system and (iv) a partial charging system. We have studied the cases of Taipei City, Seoul, Metropolitan Tokyo, Singapore and New York City¹ in details. Please see Chapter 4 of the Consultation Document². We note that the feasibility and effectiveness of charging would hinge largely on the implementation of complementary measures that are tailor-made to fit the specific circumstances of the jurisdictions concerned. An overall summary has been given in pages 35 – 36 of the Consultation Document on relevant examples of overseas jurisdictions that have followed the above approaches in imposing waste charging.

¹ These cities are chosen because they have living environment comparable to Hong Kong, e.g. multi-storey, multi-tenant housing setting. Some of these cities have implemented a quantity-based MSW charging scheme for waste reduction.

² Some quarters in the community often regard Taipei City as a potential model for Hong Kong. Taipei City adopts a quantity-based charging system which has been elaborated in paragraph 4.2 to 4.4 of the Consultation Document.

7. From our case studies, we also notice that some cities have implemented mandatory source separation which requires households to remove recyclables from the waste stream, thereby achieving waste reduction on the one hand and promoting the recycling industry on the other. In general, mandatory source separation is not a necessary condition for the successful implementation of MSW charging, but the two are not mutually exclusive. More details could be found in paragraphs 7.7 to 7.9 of the Consultation Document.

HONG KONG'S EXPLORATION OF MSW CHARGING

8. To evaluate the viability of implementing MSW charging in the Hong Kong context, we completed in 2007 a trial scheme in 20 housing estates to examine the logistical requirements for waste recovery and disposal in different domestic housing settings. We also completed in 2010 a baseline study to collect information on waste generation and management practices of different commercial and industrial ("C&I") establishments. We find that in general, various characteristics of Hong Kong present certain challenges to the implementation of MSW charging (cf. paragraphs 6.7 to 6.14 of the Consultation Document). On the other hand, the Government has made a lot of effort to transform Hong Kong into a clean and hygienic city. Amongst other things, MSW collection services in Hong Kong have been delivered with the emphasis on efficiency and high hygiene standards. If MSW charging is implemented in Hong Kong, adjustments to the existing waste collection services might be required and such adjustments might have cost and efficiency implications. Chapter 5 of the Consultation Document is dedicated to explain the existing waste collection services in Hong Kong and how charging might have an impact on the existing services.

THE PUBLIC CONSULTATION

9. Based on the experiences from outside Hong Kong, the introduction of an MSW charging system must be considered in full context of the established waste collection system. Equally important is for the community at large to consider that an effective charging system could bring about the benefits of reducing waste. In the present public consultation, the Government aims to engage the community and relevant stakeholders to adequately deliberate the relevant issues and to explore appropriate solutions. Once the entire community (especially the relevant stakeholders) could come to a broad direction on the issue of MSW charging, we would take it from there and proceed to engage the community into further deliberations on the various key aspects of a charging system.

10. With the foregoing, we are seeking views from stakeholders and

members of the public on a number of specific issues as follows –

- (a) Question 1: Does Hong Kong need to introduce MSW charging?
- (b) Question 2: Should Hong Kong go for a waste charging system for all sectors or a partial charging system?
- (c) Question 3: Should Hong Kong go for a Quantity-based system, a Proxy system or a Fixed Charge system?
- (d) Question 4: Are you prepared to change your behaviour in waste disposal if an MSW charging system is introduced?
- (e) Question 5: Do you agree that the Government should introduce legislation to mandate the separation of waste at source and accordingly ban unauthorized disposal of MSW?

ADVICE SOUGHT

11. Members are invited to comment on the introduction of MSW charging as a direct economic disincentive to reduce waste at source in Hong Kong.

**Environment Bureau/Environmental Protection Department
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