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ACE Paper 51/96
(for information)

**Review of the Charges for the Collection and Disposal of
MARPOL Wastes at the Chemical Waste Treatment Centre**

Purpose

This paper informs members of Government's proposal to increase the charges for the collection and disposal of MARPOL wastes at the Chemical Waste Treatment Centre (CWTC).

Background

2. Under the International Convention for the Prevention of Pollution from Ships 1973 as amended by the 1978 Protocol (MARPOL Convention), ships are restricted from discharging wastes containing oil or noxious chemicals (MARPOL Annex I and Annex II wastes) into the sea. This Convention applies to Hong Kong. The CWTC has been providing the required reception service since April 1993.
3. In line with the polluter pays principle, the Government has adopted a phased direct charging scheme for the collection and disposal of MARPOL wastes at the CWTC following consultations with the shipping community in 1995. Under this scheme,
 - (a) users were charged directly according to the quantity and type of MARPOL waste treated at the CWTC,
 - (b) the initial charges were set at levels recovering approximately 20% of the Variable Operating Cost (VOC) of the CWTC and the full departmental administrative costs; and
 - (c) the Government would review the scheme and in the light of operational experience consider a phased programme to recover the full VOC.
4. The charging scheme was given effect through the enactment of the Merchant Shipping (Prevention and Control of Pollution) (Charges for Discharge of Polluting Waste) Regulation, which came into operation on 1 August 1995.

Proposed Charges for 1996/97

5. We propose to increase the charges for the collection and disposal of MARPOL wastes at the CWTC as indicated in the Schedule at Annex to take into account the following:

(a) Increase in cost recovery rate:

In accordance with the objective in paragraph 3(c) above, we propose to raise the target VOC recovery rate from 20% to 25% for all types of MARPOL wastes in 1996-97. The Government will continue to bear about 75% of the VOC, as well as the full fixed operating cost and capital cost of the CWTC.

(b) Inflation adjustment for the year:

Under the 15-year CWTC contract, the operational charges paid to the CWTC operator are adjusted according to the movement of the Consumer Price Index (B) as specified in the contract.

(c) Reduction in treatment cost:

Upgrading work for processing oil fractions, liquid oil wastes or mixtures containing oil is expected to be completed by November 1996 and as a result the oily waste disposal cost will be reduced. The cost reduction is reflected in Government's proposal to maintain the disposal charge for oily waste at the existing level.

The proposed increases at (a) and (b) are in line with the increase in the charges for the disposal of land-based chemical waste at the CWTC (ACE Paper 9/96).

6. The total collection and disposal cost of oily waste will be increased to \$761 per cubic metre representing an increase of approximately 17% compared with the 95-96 level. For the other MARPOL wastes such as noxious liquid substances and sludge, the overall increase as compared with the 95-96 level is about 41%. As the quantities of these wastes are small, representing no more than 1% of the total MARPOL waste intake at the CWTC, the proposed fee increase is unlikely to have any significant impact on the shipping industry.

Implementation

7. We intend to submit the amendment regulation to the Executive Council in October 1996 and implement the revised charges in December 1996.

Planning, Environment and Lands Branch
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