

Consultation Paper

Proposed Arrangements in Allocation of some of the Berths in Public Cargo Working Areas for the Recycling Industry

Introduction

1. To tackle the imminent waste challenge, the Environment Bureau released the “Hong Kong Blueprint for Sustainable Use of Resources 2013-2022” (hereafter referred to as the “Action Blueprint”) in May 2013, which maps out a comprehensive strategy, with targets, policies and action plans for waste management in the coming ten years.

2. Recovery and recycling is an integral part of waste management. They are essential in turning waste to resources and relieving pressure on our landfills. In 2012, we recovered 2.16 million tonnes of waste metal, waste papers and waste plastics from the municipal solid waste. Since Hong Kong does not have an industrial base to reprocess any significant portion of locally recovered materials, large amounts of these recyclables are exported to the Mainland and other neighbouring areas for recycling. The provision of stable export facilities for the recycling industry is thus essential to the sustainable development of local waste recycling efforts.

3. At present, recyclables of Hong Kong are mainly exported by sea or river transport. Of them, most of the waste papers are exported via the Public Cargo Working Areas (PCWAs). To ensure that there are adequate export facilities for efficient operation and development of the recycling industry and provision of stable outlets for recyclables, the Chief Executive announced in his 2013 Policy Address that the Administration would consider identifying suitable berths in PCWAs for exclusive bidding by recyclers. Moreover, the Steering Committee to Promote the Sustainable Development of the Recycling Industry led by the Chief Secretary for Administration was established in August 2013 to actively study various policies and measures to facilitate the development of the recycling industry, including arrangements on the use of PCWAs, so as to promote the sustainable development of the recycling industry.

4. The present situation of the PCWAs, the needs and concerns of

various stakeholders in the PCWAs and the proposed new arrangements are detailed in the ensuing paragraphs for your perusal and comments.

Present situation of the recycling trade in PCWAs

Overall situation

5. At present, among the total six PCWAs in Hong Kong, two (i.e. Chai Wan and Western District) are on Hong Kong Island and the remaining four (i.e. Rambler Channel, New Yaumatie, Stonecutters Island and Tuen Mun) are in Kowloon and the New Territories. Recyclers are currently using four of the PCWAs in Chai Wan, Rambler Channel, New Yaumatie and Tuen Mun for their operations. The distribution of berth places being used by the recyclers in various PCWAs is summarized in **Table 1**.

Table 1: Berth places occupied by recyclers (as gathered from EPD's survey in September 2013)

PCWA	Chai Wan	New Yaumatie	Rambler Channel	Tuen Mun	Subtotal
No. of berth places being used by paper recyclers	10	0	7	5	22
Paper recycler - Berth length (m)	356	0	204	166	726
No. of berth places being used by metal recyclers	1	3	1	1	6
Metal recycler – Berth Length (m)	48	100	60	32	240
No. of berth places being used by plastic recyclers	0	4	0	0	4
Plastic recycler – Berth Length (m)	0	172	0	0	172
Total no. of berth places being used by recyclers	11	7	8	6	32
Total berth length (m)	404	272	264	198	1,138
Total no. of berth places in PCWAs	15	29	29	16	89
Total berth length (m)	548	1212	1040	616	3,416

Paper recyclers

6. The current Berth Licence Agreement of PCWAs stipulates that waste papers together with cement, sand and aggregates are classified as “dirty cargoes”. Paper recyclers and other dirty cargoes operators are only permitted to use berth places designated for dirty cargoes (i.e. dirty cargo berths) whereas other cargoes and containers, including waste metal and waste plastics, can use dirty or non-dirty cargo berths. This arrangement is introduced to minimise the possible impact of handling of dirty cargo on nearby residents. At present, there are only three PCWAs with dirty cargo berths, i.e. Chai Wan, Rambler Channel and Tuen Mun PCWAs.

7. Export of waste papers from Hong Kong relies heavily on PCWAs where they are unloaded in bales onto river trade coasters/barges and shipped to places in the Pearl River Delta. According to the recycling trade, more than 1.1 million tonnes of waste paper was exported via PCWAs in 2012. This amounted to over 90% of waste paper exported from Hong Kong.

8. In the tender exercise held in 2011, the rental rate of dirty cargo berths for paper recyclers at Rambler Channel was about 3 times of the average rent paid by other operators in the same district. This is largely due to the fact that with the closure of the Kwun Tong and Cha Kwo Ling PCWAs in 2011, most of the paper recyclers prefer to move to the Rambler Channel PCWA. As a result, there has been keen competition in tendering. In addition, while paper recyclers could only bid for dirty cargo berths, non-dirty cargo operators could bid for both non-dirty and dirty cargo berths.

9. As the values of waste papers are generally lower, rising rentals will increase business costs, which will add to the difficulties faced by paper recyclers in their operation.

Plastic and Metal Recyclers

10. Plastic and metal recyclers have relatively more diversified marine channels for export of their recyclables, including private wharves,

terminals and piers (container terminals, river trade terminal), mid-stream sites and PCWAs. Their reliance on berth places in PCWAs is relatively lower.

11. Besides, waste metals and waste plastics are categorised as “non-dirty cargoes”. Plastic and metal recyclers are allowed to participate in the bidding for dirty or non-dirty cargo berths. Therefore, the berth places in PCWAs that can be chosen by these recyclers are more or less the same as those chosen by other PCWA operators.

Communication and Liaison with Operators

12. To gauge the views of different stakeholders on the proposed arrangements on allocation of berths in PCWAs in support of the recycling industry and to minimise the impact of such arrangements on other PCWA operators, the Marine Department (MD) and the Environmental Protection Department (EPD) have liaised with representatives of PCWA operators and other related trade associations from time to time. EPD attended the meetings of the MD’s PCWA Management Committee on 21 January 2014 and 25 March 2014 to brief the stakeholders on the concepts and preliminary ideas of the policy and listen to their views, with a view to formulating appropriate measures to ensure that the relevant trades can continue to operate effectively in the PCWAs.

Specific proposals

13. Having taken into account the views of the stakeholders, we propose the following arrangements to support the export of recyclables while reducing the impact of such arrangements on other PCWA operators.

Coverage

14. In view of the difficulties faced by the paper recyclers and the fact that they rely heavily on the dirty cargo berths of PCWAs for exporting waste paper, it is recommended that special arrangement be introduced for paper recyclers. Specifically, the length of dirty cargo

berths currently used by paper recyclers at three PCWAs (i.e. Chan Wan, Rambler Channel and Tuen Mun) will be designated as waste paper berths in the tender exercise in 2016 for exclusive bidding by paper recyclers. The plastic and metal recyclers can continue to bid for the berths together with other PCWA operators under the existing arrangements.

Tender arrangements

15. It is proposed that under the new tender arrangements, designated berths will be allocated to eligible paper recyclers, including the paper recyclers currently operating at PCWAs and other eligible paper recyclers, through open tender. In the tender assessment, EPD will conduct an eligibility check on the bidders according to, for example, their experience in recycling operations, minimum throughput, etc. Those unqualified tenders will not be further processed. Besides, based on the principle of fairness, paper recyclers can only bid for the designated waste paper berths at PCWAs in the first round of tender. If there are unallocated berths (including designated waste paper berths or other berths) after the first round of bidding, a second round of tendering exercise open to all tenderers will be conducted. If necessary, paper recyclers can bid for the unallocated dirty cargo berths in the second round of tendering exercise.

16. Moreover, the berths currently used by paper recyclers are mostly pooled together to facilitate coordination among these recyclers. Therefore, we propose to largely maintain the locations of the berths for paper recyclers and group the waste paper berths together as far as practicable, so as to facilitate their operation. At the same time, on the premise that the total length of waste paper berths at individual PCWAs should remain unchanged, we propose that the minimum length of berths for individual paper recyclers be adjusted to 32 meters if possible to accommodate the smallest barge currently used for export of waste paper. Though there might be fewer berths for bidding by paper recyclers at individual PCWAs, the total length of these berths would remain the same.

Implementation timetable

17. The existing berths at PCWAs were granted a 5-year operating agreement in mid 2011, which will expire in July 2016. Upon the implementation of these proposals, the new arrangements will be introduced in the new round of berth bidding in 2015/2016.

When and How to Respond

18. Your views on the above arrangements are most welcome. Please send in your submission by post, email or facsimile on or before 31 October 2014.

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