Consultation on Introduction of Waste Charging to Strengthen Waste Reduction
A Response by the Hong Kong General Chamber of Commerce

The Hong Kong General Chamber of Commerce ("HKGCC") has long been a supporter of the polluter-pay principle. We hold the view that the same principle should apply to commercial and industrial ("C&I") waste initially, and ultimately domestic waste when waste separation and collection facilities are in place together with economic incentives. We have also been advocating a circular economy approach to tackle the waste issues and capture the opportunities for green businesses. Accordingly, we welcome the current consultation on Municipal Solid Waste ("MSW") charging which indicates that the Government is facing up to the issues.

The HKGCC would like to elaborate our position by responding to the five questions posted in the consultation document in the following paragraphs:

1. Does Hong Kong need to introduce MSW charging?

1.1 The HKGCC has long been a supporter of the polluter-pay principle. We submitted position papers on waste management repeatedly in 2002, 2003 and 2005, urging for a comprehensive package of waste management measures.

1.2 We believe that there has been emphatic discussion in relation to solid waste management in the community since 2004 when the Council for Sustainable Development started the public engagement exercise on sustainable development. Therefore, we welcome the Government's initiatives to move beyond further discussion and to begin addressing the issues relating to the implementation of a waste charging system in Hong Kong.

1.3 However, waste charging is only one component, albeit an important one, of a comprehensive package to reduce waste effectively. The complete picture should include other components in place, such as legislations and incentives for waste reduction at source, recycling and supporting facilities, producer responsibility schemes, and community education campaigns. All in all, we are concerned about the lack of a holistic solution for waste management.

1.4 In our opinion, the aim of waste charging should be clearly spelt out in the proposal. In addition, the Government should apply the polluter-pay principle along with an objective to reduce waste in the first place by discouraging wasteful habits and promoting recycling industries. We are disappointed that this important message is not mentioned in the consultation document.

2. Should Hong Kong go for a waste charging system for all sectors or a partial charging system?

2.1 In line with the polluter-pay principle, we believe that any charging scheme should ultimately aim for universal application. The question of fairness must be dealt with. However, we recognise the system needs to have a manageable start, and as long as the Government provides a clear and elaborated time table so that businesses can plan for the impacts, we support commencing levy on C&I waste. Preferably, there will be a transitional period for the business community to adapt to the proposed scheme in a

more gradual manner. In devising the charging scheme, sectoral differences of various trades should also be accounted for.

2.2 As the Government has already implemented a charging scheme on construction waste, we agree that the same principle should apply to C&I waste and ultimately domestic waste as well. It is important to introduce separate charging schemes for C&I waste and domestic waste. In view of a gate fee system being adopted for C&I waste in the United States, Canada, most European countries, Japan, South Korea and Singapore, Hong Kong should implement a similar system for all C&I sectors.

2.3 The Government should kick start the proposed scheme with a charging system for business occupants in C&I buildings by engaging property management companies into the waste collection and measurement process. For the existing 11 000 composite buildings of mixed domestic and commercial use and those C&I buildings without property management, the Government could consider establishing a registration system to tie up occupants with private waste collectors.

2.4 One of the objectives of waste charging is to reduce waste disposal by promoting recycling habits. While at present some recyclable waste materials, i.e. papers, bottles and cans, can be treated separately and recycled, these good practices should be further encouraged to reduce overall waste charging by weight. An example of incentives to promote such behaviour would be a deposit return on items like bottles so that it is worth an individual's efforts to find a producer to return them. This can serve both commercial and domestic purposes.

2.5 In consideration of the current building design of domestic units not facilitating waste separation, local constraints to implement charging on domestic waste, and the potential danger of fly-tipping to refuse collection points and public litter bins, it is not wise for the Government to introduce charging on domestic waste before waste separation and collection facilities are in place. In addition, given the precedents of illegal disposal of construction waste in rural areas, as well as the considerable size of population living in village houses where only central waste collection sites are provided, waste charging may lead to a substantial increase in illegal waste dumping. Accordingly, the HKGCC proposes that waste charging on domestic waste should be implemented over a defined transition period, during which the Government could enhance public awareness through education campaigns and step up the provision of related waste separation and collection facilities for domestic waste. Economic incentives should also be provided to encourage utilisation of such facilities.

3. Should Hong Kong go for a Quantity-based system, a Proxy system or a Fixed Charge system?

3.1 According to the polluter-pay principle and the objective of reducing waste at source, Hong Kong should go for a quantity-based system, directly linking the charging scheme and the quantity of waste to create economic incentives for waste minimization. Nonetheless, no matter which option is adopted at the end, given the historical fact that MSW has been primarily handled by the Government, it will be a challenge to convince consumers in Hong Kong to pay.

3.2 While waste charging should be implemented for all C&I sectors, it should not be applied generically across the board. Putrescible wet waste, mainly food waste, for example, is the most problematic waste requiring a targeted approach. In essence, supporting facilities have to be in place to collect the food waste for treatment and composting, e.g. digesters among a cluster of eating shops, and organic waste processing facilities before a waste charge is imposed. As such, commercial facilities could separate out dry and wet waste for appropriate recovery or recycling to minimize paying waste charges as well as diverting waste from landfill disposal.

3.3 In other places, household food waste is separated at source for bagging and disposal. In Australia, the government provides households with mini bins which could semi-decompose food waste for application to the garden, reaching a recycling rate of almost 95%. Although most households in Hong Kong do not have gardens, it may be feasible to set up separation facilities in buildings for food waste, and centralize collection of food waste at the district level.

4. Are you prepared to change your behaviour in waste disposal if an MSW charging system is introduced?

4.1 The Chamber comprehends the fact that waste charging is not a popular policy to the general public. On the other hand, the introduction of charging schemes may help spur new business opportunities for the waste management, recovery and recycling industries. To facilitate such development, any waste management measures to be put in place should be supplemented by a community educational campaign.

4.2 One major barrier in waste management is the lack of awareness among the general public of the magnitude of the waste problem. The polluter-pay principle, though recognised in some sectors of the business community, means little for the general public. Therefore, we suggest that the message that waste costs money – not just in financial sense but also in social and environmental sense – should be more forcefully put across. There should be a renewed effort to raise the general public's awareness on the waste problem and to educate them to reduce, reuse and recycle waste.

4.3 Economic disincentives such as charging or fiscal penalty could be powerful tools for reduction of domestic waste, but they should not be considered as the only option to be explored. The key in reduction of domestic waste lies in the cooperation and participation of individual households. To instill waste management practices into everyday life, innovative ideas should be encouraged, e.g. refillable bottles, redeemable containers, and more convenient waste separation such as separation bins on each floor of a building where feasible.

4.4 For those people who wish to minimize waste charges, a route should be provided for them to adopt recycling habits for unavoidable waste materials. In this regard, the Government has to consider a number of related issues such as availability of secondary markets for recovered and recycled materials, connection of waste charging with the producer's responsibility scheme, design for environment, and promotion of recovered or recycled goods - in other words, the circular economy.

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?

5.1 Like most of the other developed economies, the HKSAR's progressive waste management strategy comprises waste avoidance and reduction in the first place, followed by reuse and recycling and finally disposal of unrecyclable waste. However, this 1-2-3 approach is rather passive. The HKGCC suggests that more proactive measures are needed to encourage waste reduction at source, e.g. by mandating waste separation at source and accordingly banning unauthorized disposal of MSW if appropriate. Such measures could apply to new buildings initially, where waste separation facilities should be incorporated into the building design. Extension to older buildings should then be considered in the next stage.

5.2 In our early submission to the public consultation on "New Producer Responsibility Scheme for Waste Electrical and Electronic Equipment ("WEEE")", we agreed with the Government's proposal to enhance the regulations for the collection and handling of WEEE, but opined that the Government had to commit to finding a market solution in the long run, which, in our view, would only be possible with the development of a circular economy.

5.3 The HKGCC envisions that Hong Kong requires the development of a circular economy to resolve the waste issues and - perhaps more importantly - to capture opportunities in building up a green manufacturing supply chain in partnership with the Pearl River Delta region. A consultancy study was commissioned by the HKGCC in 2010 to look at possible models for a circular economy in the region, and a copy of the study report was submitted to the Government. We believe that the study report will provide a much-needed perspective for the community's discussion on waste management and the wider challenge of working with the Pearl River Delta region to improve the environment and develop green industries.