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[ Translation ]

25<sup>th</sup> January 2022

To: Trade Associations for the Property Management Industry  
Trade Associations for the Environmental Hygiene Industry  
Owners' Corporations (OCs)/Owners' Organisations (OOs)

**Municipal Solid Waste Charging (MSW charging):**  
**Contractual Arrangements for**  
**Cleansing and Refuse Collection Services**

Following the passage of the Waste Disposal (Charging for Municipal Solid Waste) (Amendment) Bill 2018 (the Amendment Ordinance) by the Legislative Council in August 2021, a preparatory period of 18 months as a basic arrangement has commenced to enable the Government, various stakeholders and members of the public to get prepared for the implementation of MSW charging.

To complement the Waste Blueprint for Hong Kong 2035 and the Hong Kong's Climate Action Plan 2050 announced by the Government last year, the implementation of quantity-based waste charging aims to drive behavioural changes in waste generation and further encourage waste reduction and recycling by the general public hence reduce carbon emissions. Under the Amendment Ordinance, in line with the "polluter-pays" principle, MSW charges are levied through the dual modes of (a) charging by pre-paid designated garbage bags/designated labels (charging by designated garbage bags) and (b) charging by weight-based "gate-fee" at waste disposal facilities (e.g. refuse transfer stations and landfills) (charging by weight). **Whichever charging mode is applicable, individual waste producers are responsible for the concerned charges which should not be passed on to any party among property management companies (PMCs) and cleansing/refuse collection services contractors.**

In other words, in terms of charging by designated garbage bags, households/business owners are required to purchase pre-paid designated garbage bags and designated labels themselves at several thousands of sales points authorized by the Environmental Protection Department (EPD) across the territory, and wrap their waste properly with designated garbage bags or affix with designated labels before disposal at the waste reception points in the common areas of their premises to achieve the principle of “polluter-pays”. EPD will announce the detailed arrangements for the sale of designated garbage bags in due course. PMCs should cease the current arrangements of purchasing garbage bags on behalf of households/business owners and distributing those bags to them regularly, which have been adopted by some premises. For charging by weight, PMCs should discuss with OCs/OOs in advance to come up with a mechanism for apportioning the “gate-fee” among the households/business owners according to the “polluter-pays” principle.

Recently, EPD notices that some PMCs have included in their cleansing/refuse collection services contracts (contracts) some “all-inclusive” provisions requiring cleansing contractors to bear all costs incurred by the implementation of MSW charging, i.e. all additional costs incurred by the implementation of MSW charging during the contract period such as expenditures on the purchase of designated garbage bags/designated labels for handling waste in the common areas of the premises as well as non-compliant waste, and expenditures on “gate-fee”, etc., without providing any calculation methods or mechanisms for the estimation of the said expenditures. We are of the view that such kind of contractual arrangement is not consistent with the “polluter-pays” principle and will undermine the effectiveness of MSW charging.

Besides, if PMCs/OCs/OOs include the above “all-inclusive” provisions in contracts, the cleansing/refuse collection services contractors may tend to offer higher bids for new contracts to balance the currently uncertain risks, which will not be in the interest of PMCs, cleansing/refuse collection services contractors and households/business owners.

In view of the above, we suggest that, PMCs/OCs/OOs should incorporate appropriate provisions in the new contracts at this stage which **allow flexibilities for the contracting parties to, upon the announcement of the implementation date of MSW charging, negotiate the relevant expenditures incurred during the contract period and settle such expenditures through variation of contracts where necessary.** As mentioned above, **in line with the “polluter-pays” principle, the**

**relevant expenditures should be borne by relevant households/business owners instead of any party among PMCs or cleansing/refuse collection services contractors.**

At the same time, **PMCs/OCs/OOs are recommended to jointly conduct surveys with their cleansing/refuse collection services contractors to collect the daily waste and garbage bags usage data of their premises for preliminary statistics** during the preparatory period. This would facilitate PMCs/OCs/OOs to provide cleansing/refuse collection services contractors with more accurate waste data for their reference in working out their bids. On the other hand, this would also be useful for PMCs to explain the calculation basis of the relevant expenditures to households/business owners and collect relevant payable MSW charges in accordance with the “polluter-pays” principle in due course.

We would like to solicit the assistance and support from various trade associations/alliances of property management industries and cleansing/refuse collection services industries to disseminate the above messages to their members and OCs/OOs of the premises that they serve, so as to ensure the effective implementation of MSW charging and safeguard the interests of all relevant parties.

If you have any questions about the content of this letter, please contact Mr. CHEN (Tel: 3528 0150) or Miss TAM (Tel: 3528 0477) of the Waste Management (Special Duties) Division of this Department. Thank you for working with us to facilitate the implementation of MSW charging and rendering support to reducing waste and carbon emissions in Hong Kong.

Yours faithfully,

Miss CHENG Yi Ka, Jessica  
(for Director of Environmental Protection)