



ENVIRONMENTAL PROTECTION DEPARTMENT
MUNICIPAL SOLID WASTE CHARGING SCHEME

Guide to Application

**Authorization for Selling Designated Bags and Designated
Labels**

1. Introduction

The bill of the Waste Disposal (Charging for Municipal Solid Waste (MSW)) (Amendment) Ordinance 2021 (Amendment Ordinance) to implement MSW charging was passed by the Legislative Council on 26 August 2021. Under this charging scheme, designated bags (D-Bags) and designated labels (D-Labels) will become the major charging tools for MSW levy. Members of public are required to purchase D-Bags and wrap their waste properly, while oversized waste which cannot be wrapped in D-Bags should be affixed with a D-Label before disposal.

To prepare for the implementation of MSW charging, we have to ensure the appropriate supply of D-Bags and D-Labels prior to the implementation of MSW charging to facilitate the public to purchase the D-Bags and D-Labels at ease. In this connection, the Environmental Protection Department (EPD) will establish a retail network comprising of few thousand retail outlets covering supermarkets, convenience stores, specialty stores, pharmacies and online platforms, etc.

The EPD is now inviting eligible retail companies, with experience in selling garbage bags and household cleaning products to participate in this meaningful environmental protection initiative, which aims to make use of financial disincentives to encourage the public to treasure resources, reduce waste at source and practice clean recycling with a view to reducing the amount of waste disposed of at landfills, by taking part in the retail network of D-Bags and D-Labels.

In accordance with section 20S(2)(b) of the Amendment Ordinance, only the companies with valid authorization granted by the Director of Environmental Protection (Director) are allowed to sell D-Bags or D-Labels on specified terms and conditions, specified by the Director. Companies interested in providing the retail sales services of D-Bags and D-Labels should complete the application form and submit to the following address and e-mail.

Address: Waste Collection and Charging Group
Environmental Protection Department
Room 801-804, 8/F, AIA Tower
183 Electric Road
North Point, Hong Kong
Email mwcharging@epd.gov.hk

1.1 Purpose of this Guide

- 1.1.1 This Guide provides guidance on application for *Authorization for selling D-Bags and D-Labels*, and describes the basic requirements of the applicants.
- 1.1.2 Upon approval of the application by the EPD, the detailed terms and conditions for selling D-bags and D-Labels will be further agreed between the Applicant Company and the EPD before signing the Authorization Agreement.

1.2 Services to be provided by the Government under the Authorization Agreement

- 1.2.1 The EPD will provide the following services to Authorized Retailers for supporting the retail sales services of D-Bags and D-Labels:

- (a) Smart Inventory Management (SIM) system

The EPD will develop a SIM system for Authorized Retailers to place orders, review the order status, review their submitted monthly sales data and initiate stock return requests conveniently through the SIM system. Authorized Retailers can access the SIM system through web log-on or by making Application Programming Interface (API) calls.

- (b) Distribution Services

To achieve synergy in the distribution of D-Bags and D-Labels to each retail outlet, the EPD will arrange for the delivery of the D-Bags and D-Labels through the Inventory and Distribution Coordinator (IDC), a contractor employed by the EPD, to the central warehouse(s) of the Company/Retail Brand. Subsequently, Authorized Retailers can further distribute the D-Bags and D-Labels to their physical stores, or to the customers direct if the D-Bags and D-Labels are sold through the on-line platforms. IDC will also arrange for the replacement of any defective D-Bags and D-Labels when necessary.

(c) Promotional Services

The EPD will provide “Authorization Logo” and other publicity materials such as point-of-sales materials to all Authorized Retailers for promoting the various types of D-Bags and D-Labels and the legislative requirements of the MSW charging scheme. With the “Authorization Logo”, members of public can easily identify the Authorized Retailers and purchase the D-Bags and D-Labels with confidence.

1.3 Retail Service of D-Bags and D-Labels

- 1.3.1 Authorized Retailers are required to provide the retail sales and promotional services of D-Bags and D-Labels at their retail outlets.
- 1.3.2 Authorized Retailers shall place the consolidated orders for D-Bags and D-Labels through SIM system. Upon confirmation of the orders, IDC will arrange for the delivery of D-Bags and D-Labels to Authorized Retailers.
- 1.3.3 After receiving the D-Bags and D-Labels from IDC, Authorized Retailers shall arrange for the distribution of D-Bags and D-Labels to each retail outlet and arrange for the sales of D-Bags and D-Labels at the prescribed price to the members of public. Authorized Retailers shall upload the distribution records to SIM system regularly.
- 1.3.4 Authorized Retailers shall provide the retail sales services to the members of public at retail level. For those organizations such as property management companies, cleansing contractors, or institutions in commercial, industrial and social service sector that require a large quantities of D-Bags (including D-Bags of large capacity) and/or D-Labels for their own operational use, they shall apply to the EPD as the “Bulk Purchasers” for direct purchase of D-Bags and/or D-Labels from the EPD. If Authorized Retailers willfully provide the sales services of D-Bags and/or D-Labels to abovementioned “Bulk Purchasers”, the authorization will be revoked when it is found to be substantiated after investigation.

- 1.3.5 Authorized Retailers shall arrange appropriate physical space at its retail outlets, and virtual space of on-line platforms to display the “Authorization Logo” and other publicity materials provided by the EPD.
- 1.3.6 Authorized Retailers shall submit monthly sales report by making API calls or uploading an Excel file (with format specified by the EPD) to SIM system. The report shall cover the topics including the types and quantities of D-Bags and D-Labels sold, sales revenue collected, and the service fee entitled by Authorized Retailers.

2. Basic Information

2.1 Who are eligible?

Applicant Companies fulfilling the criteria below are eligible to apply:

The Applicant Company:

- is registered under Business Registration Ordinance (Cap. 310);
- has continuously been operating retail sales business in Hong Kong in the past three (3) years;
- is running two or more physical stores for provision of the retail sales service in the past one year;
- has no conviction record on the sales of counterfeit product or on copyright infringement in the past three (3) consecutive years;
- has experience in selling garbage bags and/or household cleaning products in the past year;
- equips with own inventory management system; and
- is financially healthy.

2.2 What is the duration of retail sales services of D-Bags and D-Labels?

If the application is approved, the duration of the retail sales services period will be thirty-eight (38) months under normal circumstances. The service is subject to renewal on a three (3)-year basis upon the mutual agreement between the EPD and the Applicant Company.

2.3 How to apply?

2.3.1 Application form can be submitted in person, by post or e-mail.

(a) The person-in-charge should be the **Head or Deputy Head of the Applicant Company**.

(b) Applicants can fill out a paper-based application form and annexes enclosed, which can also be obtained from –

- MSW Charging Website
<https://www.mswcharging.gov.hk/?lang=en>

Duly completed application form(s) together with any supplementary/supporting documents must be returned to the EPD.

2.4 What are the assessment procedures?

The following procedures will be taken after an application is received –

- 1: Upon receipt of an application, the EPD will send an acknowledgment notice to the applicant company. Where necessary, the applicant company will be requested to provide clarification or supplementary information.
- 2: The application will be assessed by the EPD. The EPD may request the applicant company to provide further information if necessary.
- 3: The EPD will inform the applicant company of the EPD's decision.

2.5 What are the assessment criteria?

The following criteria will be taken into consideration in assessing the individual applications: -

- (a) the existing retail network of the Applicant Company/Retail Brand;
- (b) the experience of Applicant Company/Retail Brand in selling garbage bags and/or household cleaning products; and
- (c) the ancillary facilities provided by the Applicant Company/Retail Brand for supporting the retail sales service.

2.6 Can I withdraw my application?

The Applicant Company can write to the EPD to withdraw an application at any time before an authorization agreement is signed with the Government.

3. Application Form

3.1 General

- 3.1.1 All sections of the application form should be completed with supporting documents wherever required. Please ensure that all required information is submitted with the application form. Where the information sought is not applicable or not available, please fill in “NA”.
- 3.1.2 The application form should be typed or printed on both sides of the paper. The completed application form and annexes should be submitted in both hard and soft copies (in “PDF” and “Excel” formats).
- 3.1.3 Applicants should read this Guide carefully and provide all details in a clear and concise manner. Additional pages may be attached to the application form if necessary.
- 3.1.4 While applicants are required to provide additional or supplementary information in relation to their applications upon request, it should be

noted that applicants should provide the best and fullest information in their applications in the first place, and the EPD is not obligated to request for additional information from the applicants.

- 3.1.5 Application for the authorization is free of charge. However, the EPD will not bear any costs or expenses whatsoever to be incurred in connection with the preparation and submission of the application.

3.2 Sections of the Application Form

3.2.1 Section A - Applicant Company Particulars

Applicants should provide the particulars of the Applicant Company including the Name, Business Registration Number and contact details of the person-in-charge. The person-in-charge should be the Head or Deputy Head of the Applicant Company. Please note that the Applicant Company must be a registered company in Hong Kong under Business Registration Ordinance for more than three (3) years.

Note: Documentary proofs of the business registration of Applicant Company in the past three (3) consecutive years including the copy of Business Registration Certificate and proof of correspondence address are required. Financial statements of Applicant Company including 1). the latest three (3) years' audited financial statements (for Incorporated Companies) or the latest three (3) years' unaudited/management accounts (for Unincorporated Businesses); 2). Unaudited/management accounts with period end not more than three (3) months before the application date; and 3). the latest three (3) months' bank statements (certified true copies) confirming balances of its major bank accounts are also required.

3.2.2 Section B – Information of Company / Retail Brands

Applicants can submit the application for its own company and on behalf of other Company/Retail Brand in connection with the Applicant Company. Please list out the details of each Company/Retail Brand, including the name of Company/Retail Brand and Business Registration Number (if different from that of the Applicant Company) according to

the Business Nature. Applicants should nominate a representative from each Company/Retail Brand and complete Section B – F of Application Form for each Company/Retail Brand separately.

Note: Documentary proofs of the business registration of the Company/Retail Brand (if different from that of Applicant Company) in the past three (3) consecutive years including the copy of Business Registration Certificate and proof of correspondence address are required. Please also provide documentary proofs of the relationship between the Applicant Company and other Company(ies).

3.2.2.1 Information on Company/Retail Brand – Contact Details

Applicants should provide the contact details of person-in-charge (if different from Section A of the application form) and I.T. support of the Company/Retail Brand. The contact person for I.T. support will be invited to join a Working Group for the development of Smart Inventory Management (SIM) system and provide comments and advices on the following areas:

- (a) the workflow of order management, sales data submission, and arrangement of stock return; and
- (b) other features and functions of SIM System (e.g. setting of alerts and notifications; sales reporting and enquiry).

3.2.2.2 Details of Company/Retail Brand

Applicants should provide the details of Company/Retail Brand in this section, including the existing number of physical stores, details of the on-line platform such as website domain name and number of registered members, and the experience in selling garbage bags or household cleaning products. If the Company/Retail Brand has experience in selling garbage bags, the relevant details including the brands of garbage bags and sales volume should be provided. The information provided in this section will be used to evaluate the scale of existing retail network and the retail experience of the Company/Retail Brand.

Note: Documentary proofs of two of the physical stores and/or on-line Platform that have been operating in the past one year including the copy of Business Registration Certificate, proof of correspondence address, registration of domain name from international or local accredited registrars and the number of registered members of the on-line platform, such as the screen capture of admin page of the on-line platform (certified true) showing the total number of registered members are required. If the Company/Retail Brand has experience in selling garbage bags and/or household cleaning products in the past year, please also provide the documentary proof such as sales engagement letter or purchase records.

3.2.3 Section C - Retail Sales Services of D-Bags and D-Labels

Applicants should provide the details of retail sales services of D-Bags and D-Labels in this section, such as the address of physical store, website domain names of on-line platform and types of D-Bags and D-Labels to be carried at each retail outlet. Applicants should also indicate whether they will support the sales of individual D-Bags at the cashiers at the commencement of MSW charging to achieve the purpose of “one-bag for dual-uses”. The Applicant is required to list out the types of D-Bags and/or D-Labels to be sold at each physical store and on-line platform in Annex I and II, respectively. The information provided in this section will be used to evaluate the scale of retail network to be established by the Company/Retail Brand and the estimated sales volume.

3.2.4 Section D - Information on Warehouse and Logistic Services (if applicable)

Applicants should provide the details of the existing central warehouse(s) and logistic services managed by the Company/Retail Brand, if any. Applicants shall list out the address of the central warehouse(s) managed by the Company/Retail Brand for intaking the D-Bags and D-Labels delivered by IDC. Also, in order for the EPD to design the SIM system which facilitates Authorized Retailers to upload the sales figures or stock level of D-Bags and D-Labels on regular basis, Applicants shall provide

information on the sales records uploading and stock taking frequencies to the computerized inventory system or sales management system. Applicants shall also list out the delivery service provided to customers, if any. The relevant information on the warehouse and logistic services will be used to evaluate the extend of ancillary support to be provided by the Applicant Company.

Note: Documentary proofs of the address of central warehouses and own vehicle fleet are required.

3.2.5 Section E - Promotional Services

Applicants should indicate whether the Company/Retail Brand is the member of the “No Fakes Pledge” Scheme. Applicants should also indicate the types of promotional services to be offered for selling D-Bags and D-Labels, and promoting the implementation of MSW charging. The information provided in this section will be used to evaluate the scale of promotional services to be offered by the Applicants, and as a reference for the EPD to design and produce the relevant publicity materials.

Note: Documentary proof of the membership of “No Fakes Pledge” Scheme is required.

3.2.6 Section F - Service Fee

The EPD understands that it’s a common trade practice to receive around 30-60% of the product’s selling price as the retail commission to cover the basic operation costs. Therefore, the EPD will offer service fee to Authorized Retailers for the provision of retail sales service of D-Bags and D-Labels.

However, the prescribed prices of D-Bags and D-Labels could not be directly compared to the commercial retail prices of garbage bags currently sold. As mentioned earlier in the Introduction, the EPD aims to make use of financial disincentives to encourage the public to reduce waste at source. A large portion of the prescribed prices of D-Bags and D-Labels is the levy charge for waste disposal instead of the product

value. As a result, the prescribed prices of D-Bags and D-Labels are much higher than that of the ordinary garbage bags.

Applicants should consider the followings before proposing the Service Fee:

- 1). The participation in the sales of D-Bags and D-Labels for supporting the implementation of MSW charging could help improve the Environmental, Social, and Governance rating of Company/Retail Brand;
- 2). Large portion of the prescribed price of D-Bags and D-Labels is the levy charge for waste disposal but not the aggregate values of D-Bags and D-Labels;
- 3). The prescribed price of D-Bags and D-Labels is much higher than the price of garbage bags currently sold. Company/Retail Brand should not directly apply the current commission rate as the rate of service fee for selling D-Bags and D-Labels ^{Note};
- 4). Demands for various sizes of D-Bags should be different; and
- 5). The Service Fee proposed may not be fully accepted by the EPD. The EPD reserves the right to further negotiate the Service Fee with the Company/Retail Brand.

In accordance with the First Conduct Rule set out in section 6(1) of the Competition Ordinance (Cap. 619) (Ordinance), cartels are prohibited to prevent, restrict or distort competition in Hong Kong. Company/Retail Brand must ensure that the Application Form is prepared without any agreement, arrangement, communication, understanding, promise or undertaking with any other person regarding the Service Fee. In the event of any breach of this Ordinance by any Company/Retail Brand, the EPD reserves the right to invalidate the application submitted by that Company/Retail Brand.

Note:

Examples illustrating the impact of product prices on service fee:

Size (L)	Current Prices of Garbage Bags	Retail Commission (Rate: 30%)	Prescribed Price of D-Bags	Service Fee Recommended by EPD (Rate: 3%)
3	\$0.13 - \$0.24	\$0.04 - \$0.07	\$0.30	\$0.01
5	\$0.20 - \$0.21	\$0.06 - \$0.07	\$0.60	\$0.02
10	\$0.22 - \$0.80	\$0.07 - \$0.24	\$1.10	\$0.03
15	\$0.22 - \$0.63	\$0.07 - \$0.19	\$1.70	\$0.05
20	\$0.52 - \$0.85	\$0.16 - \$0.26	\$2.20	\$0.06
35	\$0.28 - \$1.40	\$0.08 - \$0.42	\$3.90	\$0.11
50	\$0.55 - \$1.35	\$0.17 - \$0.41	\$5.50	\$0.16
75	\$1.50 - \$2.39	\$0.45 - \$0.72	\$8.50	\$0.25
100	\$0.60 - \$2.59	\$0.18 - \$0.78	\$11.00	\$0.33

4. Safeguarding National Security

By submitting an application form to the EPD, the Applicant Company acknowledges and undertakes compliance with the following:

- (i) notwithstanding anything to the contrary in the Guide to Application and/or Authorization Agreement to be signed between the Applicant Company and the Government, the Government reserves the right to disqualify the company on the grounds that it has engaged, is engaging, or is reasonably believed to have engaged or be engaging in acts or activities that are likely to cause or constitute the occurrence of offences endangering national security or otherwise the exclusion is necessary in the interest of national security, or is necessary to protect the public interest of Hong Kong, public morals, public order or public safety.
- (ii) the Government may immediately terminate the Authorization Agreement with the Applicant Company upon the occurrence of any of the following events:
 - the Applicant Company has engaged or is engaging in acts or activities that are likely to constitute or cause the occurrence of offences endangering national security or which would otherwise be contrary to the interest of national security;
 - the continued engagement of the Applicant Company is contrary to the interest of national security; or
 - the Government reasonably believes that any of the events mentioned above is about to occur.

5. Enquiry

If there are any enquiries about the Application, please contact:

Waste Collection and Charging Group

Environmental Protection Department

Address: Room 801-804, 8/F, AIA Tower, 183 Electric Road, North Point, Hong Kong

Tel. No.: (852) 2838 3111

Email: maw_hotline@epd.gov.hk

Website: www.mawcharging.gov.hk

Personal Data Collection Statement

Purpose of Collection

The personal data and other related information provided in the Application Form will be used by the EPD and relevant government departments for the purpose of processing the application. The provision of personal data and other related information in the Application Form is voluntary. The applicant company may apply to the EPD to withhold some data from release to the public. However, if adequate and accurate data are not provided, the application may not be able to be processed.

Disclosure of Information

The EPD may keep the Application Form and the supporting documents and may include the personal data and other related information provided in the Application Form in a register/catalogue of Authorized Retailers for selling D-Bags and D-Labels for publication. Where necessary, the particulars submitted may also be provided to other departments/organisations/persons for the purpose of verifying the particulars provided and other purposes related to the application.

Access to Personal Data

You have a right to request access to, and to request the correction of, the personal data and other related information you supplied in accordance with the provisions of the Personal Data (Privacy) Ordinance (Cap. 486). Such requests should be made in writing to the EPD.