



ENVIRONMENTAL PROTECTION DEPARTMENT
MUNICIPAL SOLID WASTE CHARGING SCHEME

Guide to Application

Provision of Wholesale Services of 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 wholesalers, with experience in wholesaling garbage bags and household cleaning products to small stores including small-to-medium sized pharmacies, 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 provision of wholesale services of D-Bags and D-Labels and providing support to the small stores for the provision of retail sales service of D-Bags and D-Labels.

Only the companies with agreement signed with the EPD can provide the wholesale services of D-Bags and D-Labels to those companies with valid authorisation granted by the Director of Environmental Protection (Director) in accordance with section 20S(2)(b) of the Amendment Ordinance to sell D-Bags or D-Labels on specified terms and conditions specified by the Director. Companies interested in providing the wholesale services of D-Bags and D-Labels should complete the Application Form and submit to the following address or by 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 mswcharging@epd.gov.hk

1.1 Purpose of this Guide

- 1.1.1 This Guide provides guidance on application for *Provision of Wholesale Services of D-Bags and D-Labels*, and describes the basic requirements of Applicants.
- 1.1.2 Upon approval of the application by the EPD, the detailed terms and conditions for the provision of wholesale services of D-bags and D-Labels will be further agreed between the Applicant and the EPD before signing the Tripartite Agreement jointly with the EPD and the Inventory and Distribution Coordinator.

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

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

- (a) Smart Inventory Management (SIM) system

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

- (b) Distribution Services

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 Wholesalers. Subsequently, Wholesalers can further distribute the D-Bags and D-Labels to the Authorised Retailers according to the orders placed by them and update the record in SIMS. The IDC will also arrange for the replacement of any defective D-Bags and D-Labels when necessary.

1.3 Wholesale Services of D-Bags and D-Labels

- 1.3.1 Wholesalers are required to recruit retailers, which 1.) have been operating retail business in the past 3 consecutive years; 2) have experience in selling garbage bags or household cleaning products, and 3). have been using the wholesale service provided by the Applicant, to provide the retail sales service of D-Bags and D-Labels. Qualified retailers will be authorised by the EPD as Authorised Retailers for selling D-Bags and D-Labels.
- 1.3.2 Wholesalers shall provide the wholesale services of D-Bags and D-Labels to the Authorised Retailers as mentioned in Section 1.3.1.
- 1.3.3 Authorised Retailers shall place the orders for D-Bags and D-Labels direct to Wholesalers, which shall collect and place the consolidated orders received from Authorised Retailers through SIM system. Upon confirmation of the orders, the IDC will arrange for the delivery of D-Bags and D-Labels to the central warehouse(s) of Wholesalers.
- 1.3.4 After receiving the D-Bags and D-Labels from the IDC, Wholesalers shall arrange for the distribution of D-Bags and D-Labels to the Authorised Retailers according to details of the orders placed by individual Authorised Retailers and provide documentary proofs to the EPD for the delivery of D-Bags and D-Labels to the Authorised Retailers.
- 1.3.5 Wholesalers shall submit monthly wholesale 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 received from the IDC, the types and quantities of D-Bags and D-Labels delivered to individual Authorised

Retailers by the Wholesaler, and the Service Fee passed on to the Wholesaler and each Authorised Retailer.

2. Basic Information

2.1 Who are eligible?

Applicants fulfilling the criteria below are eligible to apply:

The Applicant:

- is registered under Business Registration Ordinance (Cap. 310);
- has continuously been operating wholesale business in Hong Kong in the past three (3) years;
- has experience in wholesaling garbage bags and/or household cleaning products in the past one (1) year;
- can recruit not less than 50 qualified retailers for the provision of retail sales service of D-Bags and D-Labels; and
- is financially healthy.

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

If the application is approved, the duration of the wholesale 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.

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 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

- Step 1: Upon receipt of an application, the EPD will send an acknowledgment notice to the Applicant. Where necessary, the Applicant will be requested to provide clarification or supplementary information.
- Step 2: The application will be assessed by the EPD. The EPD may request the Applicant to provide further information if necessary.
- Step 3: The EPD will inform the Applicant 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 experience of the Applicant in wholesaling garbage bags and/or household cleaning products;
- (b) the retail network to be established by the retailers which are recruited by the Applicant; and
- (c) the ancillary facilities provided by the Applicant for supporting the wholesale service.

2.6 Can I withdraw my application?

The Applicant can write to the EPD to withdraw an application at any time before the Tripartite Agreement is signed with the Government and the IDC.

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 Annex II 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 Applicants.
- 3.1.5 Applications for the provision of wholesale and retail sales services of D-Bags and D-Labels are 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

3.2.2.1 Applicant Company

Applicants should provide the particulars of the Applicant Company including the Name, Business Registration Number and contact details of the person-in-charge. 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.

3.2.2.2 Contact Details of I.T. Support or Account Data Processing

Applicants should provide the contact details of I.T. support or Account Data Processing. The contact person for I.T. support or Account Data Processing will be invited to join a Working Group for the development of SIM system and provide comments and advices on the following areas:

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

3.2.2.3 Experience in wholesaling garbage bags or household cleaning products

Applicants should provide the experience in wholesaling garbage bags or household cleaning products. If the Applicant has experience in wholesaling garbage bags in the past one (1) year, the relevant details including the brands of garbage bags and wholesale volume should be provided. The information provided in this section will be used to evaluate the wholesale experience of the Applicant.

Note: If the Applicant has experience in wholesaling garbage bags in the past one (1) year, please provide the documentary proof such as the engagement letter signed with manufacturer(s) or supplier(s), the purchase records or the delivery notes to retailers.

3.2.2 Section B – Wholesale Services of D-Bags and D-Labels

Applicants should provide the details of wholesale services of D-Bags and D-Labels in this section, such as the types of D-Bags and D-Labels to be distributed to Authorised Retailers. Applicants should also assist in recruiting the retailers for the provision of retail sales service of D-Bags and D-Labels. The Applicant is required to approach the retailers that have been operating retail business in Hong Kong in the past three (3) consecutive years, and have been using the wholesale service of garbage bags and/or household cleaning products provided by the Applicant in the past years for the provision of retail sales service of D-Bags and D-Label. Applicants should list out the details of the recruited retailers in Annex I. Applicants should also provide the number of recruited retailers that are located at Village/Market Town, Islands, South Lantau or Frontier Closed Areas, and the number of recruited retailers that will support the sales of D-Bags at cashiers in lieu of the Plastic Shopping Bags in the Application Form. Areas of Village / Market Town can be referred to the Boundary Map published by the Home Affairs Department, while Frontier Closed Areas are referring to Sha Tau Kok, Ta Kwu Ling and Lok Ma Chau, which require the possession of Closed Area Permit issued by the Hong Kong Police Force for entering those areas. The information provided in this section will be used to evaluate the scale of retail network to be established by the retailers that are recruited by the Applicant.

Note: Applicants should submit Annex I of the Application Form to summarise the details of the recruited retailers during application. Applicants should also submit the Declaration Statement as attached in Annex II of the Application Form to confirm the information provided by the recruited retailers in Annex I is correct, and all the recruited retailers are qualified to be Authorised Retailers for providing the retail sales service of D-Bags and D-Labels.

3.2.3 Section C - Information on Warehouse and Logistic Services

Applicants should provide the details of the existing central warehouse(s) and logistic services managed by them and list out the address of the central warehouse(s) for intaking the D-Bags and D-Labels delivered by the IDC. Also, in order for the EPD to design the SIM system which facilitates Wholesalers to place order and upload the wholesale figures or stock level of D-Bags and D-Labels of Authorised Retailers on regular basis, Applicants should provide information on the orders uploading and stock taking frequencies to the computerized inventory system or sales management system. Applicants should also provide the number of vehicles of their own vehicle fleet, 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.

Note: Documentary proofs of the address of central warehouse(s) and vehicle fleet are required.

3.2.4 Section D - Promotional Services

Applicants should list out the number of recruited retailers that are the members of the “No Fakes Pledge” Scheme and are able to offer two or more spots for displaying the publicity materials of the MSW charging prepared by the EPD. The information provided in this section will be used to evaluate the scale of promotional services to be offered by the Authorised Retailers recruited by the Applicant, and as a reference for the EPD to design and produce the relevant publicity materials.

3.2.5 Section E - Service Fee

The EPD understands that it's a common trade practice for the wholesalers and retailers to receive total sum of around 15% of the product's selling price as the service fee to cover the basic operation costs. Therefore, the EPD will offer service fee to both Wholesalers and Authorised Retailers for the provision of wholesale and retail sales service of D-Bags and D-Labels, respectively.

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 wholesale services of D-Bags and D-Labels for supporting the implementation of MSW charging could help improve the Environmental, Social, and Governance rating of the Applicant Company;
- 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. The Applicant should not directly apply the current service fee as that for wholesaling D-Bags and D-Labels ^{Note};
- 4). Demands for various sizes of D-Bags should be different;
- 5). The Service Fee proposed by the Applicant should include the Service Fee to be received by the Authorised Retailers; and

- 6). 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 Applicant.

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. The Applicant 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 Applicant, the EPD reserves the right to invalidate the application submitted by that Applicant.

Note:

Examples illustrating the impact of product prices on service fee:

Size (L)	Current Prices of Garbage Bags	Service Fee for Wholesaling Garbage Bags (15%)	Prescribed Price of D-Bags	Service Fee for Wholesalers Recommended by EPD (Rate: 3%)
3	\$0.08 - \$0.14	\$0.01 - \$0.02	\$0.30	\$0.01
5	\$0.12 - \$0.13	\$0.01 - \$0.02	\$0.60	\$0.02
10	\$0.13 - \$0.48	\$0.02 - \$0.07	\$1.10	\$0.03
15	\$0.13 - \$0.38	\$0.02 - \$0.06	\$1.70	\$0.05
20	\$0.31 - \$0.51	\$0.05 - \$0.08	\$2.20	\$0.07
35	\$0.17 - \$0.84	\$0.03 - \$0.13	\$3.90	\$0.12
50	\$0.33 - \$0.81	\$0.05 - \$0.12	\$5.50	\$0.17
75	\$0.90 - \$1.43	\$0.14 - \$0.22	\$8.50	\$0.26
100	\$0.36 - \$1.50	\$0.05 - \$0.23	\$11.00	\$0.33

4. Safeguarding National Security

By submitting an Application Form to the EPD, the Applicant acknowledges and undertakes compliance with the following:

- (i) notwithstanding anything to the contrary in the Guide to Application and/or Tripartite Agreement to be signed between the Government, the IDC and the Applicant, the Government reserves the right to disqualify the Applicant 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 Tripartite Agreement with the Applicant upon the occurrence of any of the following events:
 - the Applicant 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 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: msw_hotline@epd.gov.hk

Website: www.mswcharging.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 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 Wholesalers for the provision of wholesaling services 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.