

Special Meeting of the Finance Committee
to Examine the Draft Estimates of Expenditure in 2005-06
held on 14 April 2005 (Thursday)

Speaking Note of the Secretary for the Environment, Transport and Works
Environmental Protection and Conservation

Chairman,

I am delighted to attend the special meeting of the Finance Committee today to brief Members on the part of the 2005-06 Estimates relating to the environment portfolio.

2. The allocation for the “Environmental Protection and Conservation” policy area in the 2005-06 financial year is about \$5.5 billion, representing a net decrease of \$163 million or 3% in real terms over the revised estimate for last year. The operating expenditure is about \$4.1 billion, which is \$47 million lower than the revised estimate for last year, representing a reduction of 1.1% in real terms. The decrease is mainly due to the reduced cashflow requirement for the non-recurrent item of “One-off grant to assist owners of pre-Euro diesel heavy vehicles to retrofit their vehicle with particulate removal devices” following completion of the retrofit programme, and the reduced requirement in emoluments arising from deletion of posts under the Manpower Plan and the effect of the 2005 civil service pay cut. The reduction in allocation is however partly offset by the additional provision for exporting public fill to the Mainland. In 2005-06, there will be a net increase of 18 posts in the Environmental Protection Department (EPD) resulting from the transfer of 34 posts from this

Bureau upon the merger of the Environment Branch and EPD on 1 April 2005, and the deletion of 16 posts through natural wastage. Our capital expenditure for the new financial year stands at around \$1.4 billion, which is \$116 million lower than the revised estimate for last year and represents a decrease of 8.1% in real terms.

Major Objectives and Initiatives

3. I would now introduce to you our major tasks under the Environmental Protection and Conservation Policy Area in the coming financial year.

Improving Air Quality

- To improve, on a best endeavour basis, the Pearl River Delta (PRD) regional air quality is the consensus between the Hong Kong Special Administrative Region Government (HKSARG) and the Guangdong Provincial Government. The two governments will continue to implement the Pearl River Delta Regional Air Quality Management Plan with a view to achieving the emission targets by 2010. Together with our Guangdong counterparts, we are now testing the operation of a regional monitoring network with 16 monitoring stations in the region. Subject to the operational condition of the network, we will announce the monitoring results to the public as soon as possible.
- The two governments have also laid down a schedule for developing the Emissions Trading Pilot Scheme for Fuel-burning Power Plants in the PRD Region. Our aim is to present the details of the Scheme to the

power plants in Hong Kong and Guangdong in the third quarter of 2006, so that prospective participants can identify their trading partners and draw up emissions trading agreements.

- The motor fuel standard has been tightened to Euro IV since 1 January 2005. We plan to adopt the Euro IV emission standards for all newly registered light duty vehicles in early 2006.

Waste Management

- To promote and facilitate the development of the recycling industry, we will work out measures on land provision, procurement policy and expansion of the recycling network. In respect of land provision, apart from leasing land to recyclers under short-term tenancies, one of our major initiatives this year is to establish a 20-hectare EcoPark in Tuen Mun. It is expected that Phase I of the EcoPark will come into operation by the end of 2006.
- To expand the collection network for recyclables and provide raw materials for the recycling industry, we will launch a large-scale publicity programme in 2005 to promote the Source Separation of Domestic Waste Programme. So far, 136 public/private housing estates and government quarters have signed up for the programme. Besides, Government departments will take the lead in adopting a green procurement policy to create a market for environmentally-friendly products. For the purpose of reducing waste and promoting waste recovery to facilitate the development of a circular economy, the

Government will consider introducing legislation on mandatory product recovery. As a first step, we propose to implement a product responsibility scheme on waste tyres to facilitate re-use or recycling.

- In addition, to put into practice the “polluter pays principle”, the Government will implement the Construction Waste Disposal Charging Scheme in 2005.
- We have started to look into the problem of plastic bag disposal. ETWB and EPD are now studying overseas practices of levying a tax or charging fees on plastic bags and examining the feasibility of applying such schemes to Hong Kong. Should feasible options be identified, the Government will consult the relevant industries and the public.

Harbour Area Treatment Scheme (HATS)

- We will devise a detailed implementation plan and the way forward for HATS Stage 2 in the light of the views collected during the public consultation. Since HATS Stage 1 has brought about significant improvement to the water quality of the Victoria Harbour, we will implement as soon as possible Stage 2 of the Scheme, which includes expediting the installation of disinfection facilities to improve the water quality of Tsuen Wan beaches and giving priority to the construction of the deep tunnel network which is the most time-consuming process. To relieve tax-payers of the long-term burden of subsidizing the operation of sewage treatment facilities, and to encourage households and businesses to take the initiatives to reduce pollution, the

Government introduce the sewage charges and trade effluent surcharges in 1995. Since then, the levels of the charges are reviewed every year in order to strike a balance between upholding the polluter-pays principle, attaining cost recovery and catering for the affordability of the public. To avoid additional subsidies from taxpayers to polluters following the completion of various new sewage treatment facilities, and to address the views of the industry on the existing charging scheme, we will conduct a review of the charging scheme this year so that fairer arrangements for sharing the cost of sewage treatment can be worked out.

Nature Conservation

- With regard to nature conservation, we will implement the recently announced new nature conservation policy, especially the two pilot schemes which involve voluntary participation of landowners (namely, management agreements with landowners and public-private partnership). Our aim is to enhance the conservation of ecological habitats on sites in private ownership.

Conclusion

4. I hope Members will continue to support our policies and measures to protect the environment and conserve our ecological resources, which will further improve our living environment and competitiveness as a world city.