

(Revised version)

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The Conservancy Association

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**Submission to Legco Environmental Affairs Panel****Concerning the Government's decision to go-ahead with HATS Stage 2**

The Conservancy Association ("CA") kindly requests honourable Legco members to note the attached response by CA to the government consultation in November 2004 (the "CA Response Paper"). Whilst CA is supportive a speedy implementation of HATS Stage 2, including early construction of deep tunnel and full biological treatment, we are gravely concerned about the scope of proposed scheme.

In particular, we would like to draw members attention to points 3 (design flow), 4 (phasing) and 5 (institutional changes) of the CA Response Paper. We regret to find that these points have not been addressed in the latest government decision. As such, the scheme would carry the following potential risks if Legco approves funding for it to go ahead in its present form:

1. Out of the design capacity of 2.8 million cubic meters per day, there could be a potential wastage of 35%, i.e. 1 million cubic meters per day of capacity may be left idle for many years to come, or may never be used at all. Members may like to note the current wastage precious water resources and of public funds (paid to Guangdong authorities for unused raw water) due to the inflated estimate of water demand in the past decade. It would be regrettable if a similar mistake is repeated NOW under the scrutiny of Legco.
2. By using the same amount of funds proposed by the Government, a different phasing scheme would allow the increase of primary treatment capacity to 1.8 million cubic meters per day (which is the current maximum flow in the metro area) and the construction of some modules for biological treatment. We believe that this is the most efficient use of public funds which will lead to optimum benefits to the environment.
3. The institutional weakness exposed in the previous SSDS implementation has not been dealt with, i.e., confused line of responsibilities in planning (by EPD), execution (by DSD) and water conservation and reuse (by WSD). If HATS Phase 2 is allowed to go ahead using the old institutional arrangement, it is likely to encounter the same problems as before. We believe that the set-up of a Water Authority is essential, including the merging of WSD and DSD and some EPD functions as an interim solution.

4. The question of public engagement has not been dealt with in the institutional set-up. We believe that the now-disbanded expert panel should be revived with additional broad-based public participation to provide continuous monitoring and community feedback.

Due to the large sum of public resources involved and the significant long-term impact of the scheme to the environment, we would kindly urge honourable members to carefully investigate the above points and make appropriate requests to the Administration.

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**The Conservancy Association**  
**27 June 2005**

## **Attachment: The Conservancy Association's Response to HATS Stage 2 Consultation in November 2004**

The Conservancy Association has taken an interest in the Harbour Area Treatment Scheme (previously called Strategic Sewage Disposal Scheme) ever since its inception over a decade ago. In response to the Government's publication of the Consultation Document for HATS Stage 2, we would like to submit our views below:

### **1. Level of Treatment**

We welcome the confirmation by the Government that biological treatment is needed as a sustainable solution to our sewage problem in the metro area. This level of treatment is not only essential to improving water quality in the harbour area and beyond, but also serves a much-needed demonstration effect to our neighbouring cities in the Pearl River Delta. Without a concerted regional effort our water quality will always be at risk. However we are disappointed that the government has not yet committed to full-blown secondary (biological) treatment with a clear timeline and resource allocation. Secondary treatment is a legal minimum in most developed countries and in mainland China. Without this the water quality in the harbour cannot possibly get up to the standard which most of the proposed harbour plans now require - a harbour that can accommodate recreational uses.

### **2. Centralised or decentralised?**

Whilst we still believe that decentralised options as contemplated by the International Review Panel (IRP) in 2000 have merits beyond what the centralised option can offer, on balance we agree that a centralised plant at Stonecutters Island is an acceptable solution provided that it can be implemented immediately in accordance with the precautionary measures and safeguard mechanisms outlined below. However, we must point out that our support for a centralised option is conditional upon (1) full commitment by the Government for secondary treatment with clear timelines and resource allocation; (2) precautionary measures adopted to prevent a repeat of the contractual and construction problems encountered in the deep tunnel construction in SSDS; (3) institutional changes to be implemented immediately to improve efficiency, enhance accountability and promote transparency and public participation in the entire project life-cycle.

### **3. Design Flow**

Selecting an appropriate design flow for the treatment plants is very important to achieving a cost-effective scheme. When estimating the size of facilities required, **the Consultation Document assumes a 40% increase of harbour-catchment**

**population from 4.56 million in 2003 to 6.28 million in 20xx, and a corresponding 56% increase in flow volume from 1.8 million cubic meters per day to 2.8 million.** Considering that there will be no more reclamation and that the public has demonstrated its aspiration for a gradual lowering of development density in the urban area, this assumption is unjustified. These highly inflated figures translate into highly inflated cost estimates for Stage 2. Furthermore, these estimates do not allow for water conservation, including the use of financial instruments (water and sewage charges) to reduce water consumption, which should be the default measure to mitigate the risk of excessive sewage volume in the distant future. Moreover, the IRP recommends using a lower design peak factor (the ratio of peak design flow to average daily flow) of 1.4 instead of 2. We understand that this ratio can be confirmed from the actual operating conditions of the Stonecutters Island Plant over the last three years. When a lower population projection and a lower peak design factor are adopted, the cost estimate for the entire Stage 2 will be much reduced.

#### 4. Phasing

We do not believe that the current phasing of Stage 2A and Stage 2B is appropriate. We believe that the government should commit immediately to full-blown secondary treatment with a technical phasing in line with sewage volume increase. **Under our proposed scenario Phase 2A should include the construction of the deep tunnels and secondary biological treatment modules that can satisfy the current sewage flow of 1.8 million cubic meters per day.** Phase 2B should be the construction of further secondary treatment modules up to the revised estimate (lower than 2.8 million cubic meters day) of final capacity. Using this new phasing the intermediate step of chlorine disinfection can be omitted unless it is deemed necessary after the completion of Phase 2A. Alternative biological treatment technologies with or without chemical-enhanced primary treatment should be evaluated before the commencement of the design for treatment modules in Phase 2A. **A firm commitment now to full biological treatment will remove any interim considerations and allow the most cost-effective technologies be chosen as soon as possible. However, the construction of the deep tunnels can begin immediately whilst the evaluation for the best available technologies takes place.**

#### 5. Institutional Changes

As expressed in the Joint Statement by eight green groups in 2001 (see attached), a major cause to the problems arising in SSDS is the confused lines of responsibilities and the lack of accountability in government departments. Unfortunately the question of institutional defects has not been tackled in the Consultation Document. The Government must address this issue before embarking on HATS Stage 2 which involves very significant public funds. There should be broad-based participation by the community in project design and monitoring. We believe that **the concept of a Water Authority which shoulders the integrated responsibilities of water**

**supply and sewage treatment should be adopted as a clear policy objective.** This will allow the concept of total water resource management be reflected in the institutional set-up.

#### **6. Private sector participation**

We are open to the idea of private sector participation provided public interest can be safeguarded in the process. A new institutional mechanism should be set up to evaluate what are the public interest at stake in this process, to ensure that appropriate contractual terms are built in, and to monitor the progress of such scheme. This mechanism should be designed in accordance with the principles of transparency, accountability and public participation.

#### **7. Public participation in decision-making**

Since this is a strategic project involving significant public funds and important public interest, the public should be provided with full access to participate in the decision-making. The HATS Monitoring Group, which had been set up to monitor the progress of the scheme since 2001, was actually dissolved prior to the issue of this Consultation Document. Hence it is doubtful as to whether this Consultation Document receives the support of the experts in the Monitoring Group. This makes a mockery of the public participation process over the last three years. It is clear that a more transparent, accountable and broad-based public participation process must be installed to avoid the past mistakes and to oversee the future of HATS Stage 2.

The Conservancy Association  
20 November 2004