

立法會
Legislative Council

LC Paper No. CB(1) 948/05-06
(These minutes have been seen
by the Administration)

Ref : CB1/PL/EA/1

Panel on Environmental Affairs

Minutes of meeting
held on Monday, 23 January 2006, at 2:30 pm
in Conference Room A of the Legislative Council Building

- Members present** : Hon CHOY So-yuk, JP (Chairman)
Hon Emily LAU Wai-hing, JP (Deputy Chairman)
Hon Martin LEE Chu-ming, SC, JP
Hon CHEUNG Man-kwong
Hon SIN Chung-kai, JP
Hon WONG Yung-kan, JP
Hon LAU Kong-wah, JP
Hon Albert CHAN Wai-yip
Hon Audrey EU Yuet-mee, SC, JP
Hon Jeffrey LAM Kin-fung, SBS, JP
- Member attending** : Ir Dr Hon Raymond HO Chung-tai, S.B.St.J., JP
- Members absent** : Hon Miriam LAU Kin-ye, GBS, JP
Hon LEE Wing-tat
- Public officers attending** : **For item IV**
- Mr Roy TANG
Deputy Director of Environmental Protection (3)
- Mr Esmond LEE
Deputy Director of Environmental Protection (4)
- Mr PANG Sik-wing
Principal Environmental Protection Officer (Air Policy)

For item V

Dr Ellen CHAN Ying-lung
Assistant Director (Environmental Infrastructure)

Mr Alex NG Yau-wing
Principal Environmental Protection Officer (Special Waste
& Landfill Restoration)

For item VI

Mr Roy TANG
Deputy Director of Environmental Protection (3)

Mr Eric CHAN
Assistant Director (Conservation)

Miss Christina CHONG
Senior Administrative Officer (Conservation Division)2

Clerk in attendance : Miss Becky YU
Chief Council Secretary (1)1

Staff in attendance : Mrs Mary TANG
Senior Council Secretary (1)2

Miss Mandy POON
Legislative Assistant (1)4

Action

- I Confirmation of minutes**
(LC Paper No. CB(1) 723/05-06 — Minutes of the meeting held on
15 December 2005)

The minutes of the meeting held on 15 December 2005 were confirmed.

II Information paper issued since last meeting

2. Members noted that no information papers had been issued since last meeting.

III Items for discussion at the next meeting

- (LC Paper No. CB(1) 725/05-06(01) — List of follow-up actions
LC Paper No. CB(1) 725/05-06(02) — List of outstanding items for discussion)

3. Members agreed to discuss the following items at the next regular meeting scheduled for Monday, 27 February 2006, at 2:30 pm -

- (a) Draft Hong Kong implementation plan under the Stockholm Convention on Persistent Organic Pollutants; and
- (b) More stringent emission standards for new heavy duty motor vehicles and motorcycles

4. Ms Audrey EU enquired about the progress of the proposed Panel visit to the Mainland, which was discussed at the last meeting on 15 December 2005. The Chairman advised that the Mainland authorities had initially invited the Panel to visit the Guangdong Province in mid-December 2005. As there was insufficient time to prepare for the visit given the short notice, she had proposed that the visit be postponed to early January 2006. Since then, no confirmation had been received from the Mainland authorities on the proposed visit. This might be due to the imminent Chinese New Year and the meetings of the National Committee of the Chinese People's Political Consultative Conference and the National People's Congress. As such, the visit would probably be held some time before the Easter holidays or in mid-2006. Ms Emily LAU said that she had heard that the Government of the Hong Kong Special Administrative Region was not too keen about the proposed Panel visit to the Mainland. Therefore, the Chairman might need to put forward the Panel's request for a visit to the Mainland via the Chief Executive's Office.

5. Mr LAU Kong-wah said that the Panel should consider conducting overseas duty visits to places where advanced environmental technologies were adopted in say treatment and recovery of waste as well as desalination etc. He hoped that the Chairman could draw up an itinerary for consideration by members. Given that the Administration had set out in its Policy Framework for the management of municipal solid waste in Hong Kong that incineration would be adopted for treatment of non-recyclable wastes, Mr SIN Chung-kai said that it might be useful for the visit to include places where more advanced thermal technologies, such as gasification, were adopted. This would enable members to have a better understanding on thermal technologies with temperatures as high as 1300°C and compare these with convention incinerators with temperatures of 800°C. The Chairman concurred that overseas experiences in environmental technologies/practices were worth studying. She agreed to work out a proposal which might include, among others, the waste recovery practice in Taiwan, and the waste treatment technologies in Osaka in due course.

IV Progress of measures to improve air quality, including those taken by the two power companies to meet the Government's emission reduction targets by 2010

(LC Paper No. CB(1) 725/05-06(03) — Updated background brief on air pollution control prepared by the Legislative Council Secretariat

LC Paper No. CB(1) 725/05-06(04) — Paper provided by the Administration)

6. The Deputy Director of Environmental Protection (3) (DDEP(3)) briefed members on the latest progress of measures to improve air quality, including those taken by the two power companies, to meet the Government's emission reduction targets by 2010, by highlighting the salient points in the information paper. He added that the first six-monthly progress report on measures to improve air quality could have been provided earlier, but this had been postponed pending the launch of the Stage II "Consultation Paper on the Future Development of the Electricity Market in Hong Kong" (Consultation Paper) and the outcome of the sixth meeting of the Hong Kong-Guangdong Joint Working Group on Sustainable Development and Environmental Protection (JWG) in late December 2005.

7. The Chairman noted that neither of the representatives from the Economic Development and Labour Bureau (EDLB) nor the two power companies attended the meeting. She recalled that the Panel had requested earlier that they should be invited to attend for discussion on the progress of measures to improve air quality. DDEP(3) explained that as the present discussion was on the latest progress of measures to improve air quality, representatives from EDLB and the two power companies had not been invited to attend for discussion. He however assured members that they would be invited to attend when the subject of renewable energy (RE) was discussed by the Environmental Affairs Panel (EA Panel) in March 2006.

8. Ms Audrey EU said that she had attended the meeting of the Economic Services Panel (ES Panel) in the morning to discuss the Consultation Paper. It appeared that the economic and environmental aspects of the future development of the electricity market were being dealt with separately by EDLB and the Environment, Transport and Works Bureau (ETWB), each of them having their own policy considerations. While EDLB focused on levels of electricity charges, ETWB was more concerned about emission reduction. She held the view that efforts should be made to resolve the differences between the two policy bureaux on the future development of the electricity market in Hong Kong. DDEP(3) said that he was given to understand that the ES Panel was not keen to have a joint panel discussion on the future development of the electricity market. He nevertheless assured members that EDLB and ETWB were working closely together in the future development of the electricity market in Hong Kong, and that the proposed reduction in electricity charges by 15% to 20% had taken into account the need to achieve the 2010 emission reduction targets. Ms Emily LAU considered that a joint meeting was necessary to discuss the subject, and that the two power companies should be invited to attend so

that they could report on their progress on emission reduction. She requested the Chairman to follow up the issue.

Progress of reduction measures by the local power companies

9. Mr LAU Kong-wah was concerned whether the local power companies were able to meet the emission reduction targets by 2010. By way of illustration, the CLP Power Company (CLP) was still identifying a suitable site for constructing the liquefied natural gas (LNG) receiving terminal and a definite time-table had yet to be provided. DDEP(3) said that the efforts made by the two power companies in meeting the 2010 emission reduction targets were discussed in detail at the EA Panel meeting on 29 September 2005. According to the Financial Plans of the two power companies, both of them were not able to meet the intended emission caps set by the Government for 2010. Nevertheless, the two companies had agreed to expedite the implementation of emission reduction measures to meet the 2010 emission reduction targets, which in their views were great challenges but not unachievable. Besides, the Consultation Paper had provided an effective economic incentive since the permitted rate of return on all fixed assets of the power companies would be linked to their achievement of the emission caps.

10. On the progress of CLP's LNG receiving terminal, DDEP(3) said that CLP submitted an application for an environmental impact assessment (EIA) Study Brief for their proposed LNG terminal in Hong Kong on 13 May 2005. In response, EPD issued an EIA Study Brief on 23 June 2005 and was awaiting the submission of an EIA Report from CLP. The project would involve the construction and operation of an LNG receiving terminal and its associated facilities at either the South Soko Island or Black Point in Tuen Mun. In view of the scale of the project, an EIA management group had been set up under the leadership of EPD to coordinate and streamline the necessary procedures with relevant Government departments, such as the Fire Services Department, Marine Department, Electrical and Mechanical Services Department, Planning Department, Lands Department etc. CLP was trying hard to advance the completion date from 2011 to 2010. CLP was also actively negotiating with overseas counterparts the supply of LNG.

11. The Chairman considered that the Administration should give in-principle support to the choice of site because if both sites were found to be unacceptable, the efforts made by CLP in the preparation of EIA would be futile. As the ecological conditions and safety requirements of the two sites were quite different, DDEP(3) said that it would be irresponsible on the part of the Administration to decide on the propriety of the sites before the relevant EIA was completed.

12. Mr WONG Yung-kan said that at CLP's invitation, he had visited and expressed views on the possible sites for the LNG receiving terminal. Given that CLP, HEC and the Towngas Company were all contemplating on the use of LNG as fuel, he was concerned about the availability of LNG to meet demand. DDEP(3) said that similar to petroleum, it would be difficult to assess the global and long-term

availability of LNG since its supply would be dependent on the technological advancement in extracting and refining the fuel.

13. Noting that the rate of return of 7% for investment in emission reduction facilities was much lower than that of 11% for development of renewable energy (RE), Ir Dr Raymond HO was concerned that the lower rate of return would not provide the necessary incentive for power companies to invest in emission reduction facilities, thereby not being able to meet the 2010 emission reduction targets. He also queried if the power companies were interested in participating in emissions trading as an optional measure. DDEP(3) said that the setting of a lower rate of return for investments on emission reduction facilities was in line with the pledge made by the Chief Executive in his 2005-06 Policy Address that the costs of installing emission reduction facilities should not be passed onto consumers as far as possible. To ensure that the power companies were sufficiently motivated, the Administration had proposed in the Consultation Paper that the permitted rate of return on all fixed assets of power companies be linked to their achievement of the emission caps set out in the Specified Process Licences (SPLs). The rate would be reduced if they could not achieve the emission caps.

14. Given that the scale of investments in emission reduction facilities was asymptotic with their effectiveness, Ir Dr Raymond HO considered that incentives should be provided to encourage the development of emission reduction facilities. DDEP(3) said that the investment in emission reduction facilities by CLP and the Hongkong Electric Company (HEC) should be about 12% and 6% respectively of their new investment in the Financial Plans, which were not considered significant. They would be set to lose if they could not achieve the emission caps since their permitted rate of return on all fixed assets were linked to their achievement of the emission caps stipulated in SPLs. As a corollary, financial incentives in the form of “bonus” returns would be provided to encourage power companies to reduce their emissions to levels below those required in SPLs.

15. The Chairman recalled that when the two power companies were invited to attend the last meeting on 29 September 2005, both of them had indicated that they would have difficulties in meeting the 2010 emission reduction targets. While HEC would need to await the outcome of the review of the electricity market before making investments on emission reduction facilities, CLP had indicated that the emission reduction facilities would not be completed in time to meet the targets by 2010. There were also concerns about the availability of LNG. However, it seemed that the Administration was now confident that the power companies were able to meet the 2010 emission reduction targets in time. She sought clarification on the means through which these targets could be met.

16. DDEP(3) said that CLP had indicated that it would accelerate works on emission reduction facilities in an attempt to meet the emission reduction targets as soon as possible. Upon completion of the retrofit of flue-gas desulphurization (FGD) and the selective catalytic reduction (SCR), which would reduce emissions by 90%

and 85% respectively, it was expected that the emission caps could be met. CLP also endeavoured to complete EIA for the two identified sites for the LNG receiving terminal as soon as practicable. Meanwhile, the Housing, Planning and Lands Bureau, EDLB and ETWB were looking into the feasibility of expediting the statutory and land-related processes with a view to advancing the project schedule. As for HEC, the advancement of its FGD facility to April 2010 would definitely have a positive effect in meeting the emission reduction targets. Subject to the approval of the new generation unit L10 by the Government, which would take about 18 to 20 months to construct, the new unit could be commissioned well in time to meet the targets by 2010. These measures, coupled with the willingness of the power companies to participate in emissions trading and the proposed link between permitted rate of return and achievement of emission caps, would help meet the emission reduction targets by 2010.

17. Regarding CLP's sale of electricity to the Mainland, DDEP(3) said that CLP had been selling electricity to meet demand from the Mainland and the sales had amounted to about 12% of its total electricity production in Hong Kong, or 1.5% of the electricity demand in Guangdong in 2004. However, there would not be a long-term need for CLP to supply electricity to Guangdong as the problem of energy shortage was expected to ease by 2007, upon which CLP should review the need for continued electricity supply to the Mainland.

18. Noting that the Government had been actively promoting public awareness on energy saving, such as setting the temperature of air-conditioned rooms at 25.5 °C, Mr LAU Kong-wah enquired about the amount of electricity that had been saved as a result of this measure. He also asked if the Government could fulfill its undertaking of reducing electricity consumption of government buildings by 1.5% annually. DDEP(3) said that the report on electricity savings as a result of raising the temperature of air-conditioned rooms in Government buildings could be made available as these were monitored by the Electrical and Mechanical Services Department on a regular basis.

Local air quality

19. Mr SIN Chung-kai enquired if the Administration could quantify the improvement in air quality which could be made when the emission reduction targets were met in 2010. DDEP(3) said that it was difficult to do so because 80% of the pollution originated from the Pearl River Delta (PRD) Region. While Hong Kong had every confidence to reduce sulphur dioxide, nitrogen oxides, respirable suspended particulates (RSP) and volatile organic compounds by 40%, 20%, 55% and 55% respectively as agreed between the Hong Kong Special Administrative Region Government (HKSARG) and Guangdong Provincial Government (GPG) in April 2002, the local air quality could be still be adversely affected by the regional air quality. Mr SIN was concerned that the improvement made in Hong Kong would have minimal effect on the regional air quality given that Hong Kong only accounted for 5% to 20% of regional air pollution. DDEP(3) said that there was noticeable improvement to the

roadside air quality in Hong Kong with the implementation of emission reduction measures on vehicles and power companies.

20. Ms Audrey EU noted with concern that the standard of pm2.5 adopted in Hong Kong for the size of respirable suspended particulates (RSP) was way below the international standard of pm10. DDEP(3) said that in setting the standard for RSP, reference would be made to the practices in the United States and the European Union, both of which were reviewing the RSP standards.

Cooperation with the Mainland

21. Mr LAU Kong-wah noted that phase I construction of LNG trunk pipeline in Guangdong Province would be completed in 2006, and that a number of LNG power plants were to be commissioned in phases. It was expected that the reliance on the more polluting fuel oil and coal in PRD would be substantially reduced. In this connection, he asked if the Secretary for the Environment, Transport and Works (SETW)'s undertaking made last year that there would be clear skies, and that there would be noticeable improvements in air quality in two years' time could be achieved.

22. The Deputy Director of Environmental Protection (4) (DDEP(4)) said that the 2010 emission reduction targets were agreed between HKSARG and GPG in April 2002. In December 2003, the two governments jointly drew up the Pearl River Delta Regional Air Quality Management Plan with a view to meeting the emission reduction targets. At the meeting between the Chief Executive of HKSARG and the Governor of Guangdong Province on 28 September 2005, both sides reiterated their commitment to meeting the emission reduction targets by 2010. This was re-affirmed at the meeting between SETW and the Guangdong Environmental Protection Bureau on 20 December 2005. DDEP(4) added that the provision of LNG power plants was an important aspect in reducing emissions. Members would be pleased to note that four LNG power plants at Daya Bay in Huizhou, Shenzhen East, Qianwan in Shenzhen and Zhujiang in Guangzhou were under construction and would be completed as scheduled by April 2007. For example, the first unit in phase I at Shenzhen East power plant with a capacity of 350 MW was expected to be commissioned by mid-2006, while the other phase I units each also with a capacity of 350 MW would come into operation afterwards in the period up to early 2007. These phase I units would be commissioned by stages in order to provide the needed flexibility to cope with electricity demand. The commissioning of these LNG power plants would allow for the replacement and closure of the more polluting coal-fired plants. The progress of measures to achieve the 2010 emission reduction targets would be monitored by JWG. The two sides would meet almost every month as indicated by SETW in her response to Mr James TIEN at the motion debate at the Council meeting on 7 December 2005.

23. Ms Emily LAU noted that while emission caps were imposed on power companies in Hong Kong, such were not applicable to the power companies in the Mainland, which were only required to tighten control on their pollutant emissions.

Furthermore, the progress of enhanced control measures of GPG as set out in Annex B to the information paper did not provide for the time table for completion nor the stage of implementation of the different emission reduction measures. She opined that the efforts made in Hong Kong would not be effective unless cooperation was sought from the Mainland in reducing emissions.

Admin

24. DDEP(4) advised that Annex B did provide information on the progress of implementation of enhanced control measures of GPG and on the completion dates of the four LNG power plants. The phasing out of small-scale thermal power generating units was expected to be completed in 2007. In discussing the progress of enhanced control measures, JWG would set an agreed timetable which would be adhered to as far as possible. However, no definite timetable could be provided on the gradual reduction of energy consumption and the establishment of a diversified energy production and supply system as these involved the planning and implementation of the energy policy in the Mainland. At members' request, the Administration undertook to liaise with the Guangdong Environmental Protection Bureau on the provision of an update on the progress of enhanced control measures of GPG and the timetable for the measures. Ms Emily LAU said that the progress report should be more specific to include information such as the number of polluting facilities which had closed down as a result of the control measures and the commissioning of the four LNG plants. She also emphasized the need to conduct site inspections to the closed polluting facilities to ensure that they were not in operation.

25. Ms Audrey EU noted with concern that despite the installation of FGD systems by the power plants in Guangdong, these were seldom used on account of the high operating costs. She then enquired how to ensure that the operation of FGD systems during the power generation process. Referring to Annex C to the paper which set out the 2006 Action Plan of the Pearl River Delta Air Quality Management and Monitoring Special Panel, DDEP(4) said that the two sides would engage in technical exchanges on continuous emissions monitoring systems for stationary pollution sources. DDEP(4) added that apart from using cleaner energy, GPG had been very proactive in reducing tailpipe emissions from motor vehicles. It had been pursuing with the Central Government on the advancement of adopting Euro III emission standards for motor vehicles in main cities in Guangdong from 2007 to 2006. Meanwhile, efforts were being made to introduce more environmentally friendly vehicle fuel to tie in with the new emission standards. GPG was confident that the emission reduction targets would be met by 2010.

V Provision of grease trap waste facility at refuse transfer station
(LC Paper No. CB(1) 725/05-06(05) — Paper provided by the Administration)

26. The Assistant Director of Environmental Protection (Environmental Infrastructure) (ADEP(EI)) briefed members on the Administration's proposal to

upgrade PWP Item **5167DR** “Provision of Grease Trap Waste Treatment Facility (GTWTF) at a Refuse Transfer Station” to Category A at an estimated cost of \$85.3 million in money-of-the-day prices. The proposal would be submitted to the Public Works Subcommittee (PWSC) in February 2006.

27. While supporting the proposal, Mr SIN Chung-kai noted that the Administration had only consulted the Sham Shui Po District Council (SSPDC). As the proposed GTWTF was situated at the boundary between Kwai Tsing and Sham Shui Po, he considered that the Kwai Tsing District Council (KTDB) should have been consulted on the project. ADEP(EI) clarified that the proposed GTWTF was not located within the Kwai Tsing District. As such, KTDB was not consulted on the proposal. Mr SIN however pointed out that the operation of GTWTF might have impact on Kwai Tsing residents. He therefore requested and the Administration agreed to consult KTDB on the project.

28. Ms Emily LAU expressed in-principle support for the proposal. She then enquired about the justifications for selecting the West Kowloon Transfer Station (WKTS) rather than the Sha Tin Transfer Station (STTS) for the provision of the permanent GTWTF, when both had been identified as the best available potential sites. ADEP(EI) explained that the contractors of WKTS and STTS were invited to submit proposals for developing a GTWTF within their existing sites. Similar to a tender arrangement, the proposals were compared taking into account the technologies, reliability of performance, capacity and treatment cost etc. The contractor of WKTS was selected because of the better proposal.

29. Noting that the GTWTF project would be implemented under a Design-Build-and-Operate contract arrangement, Ms Emily LAU expressed concern that additional expenditure might be incurred in the course of works having regard to past experience. ADEP(EI) said that the Design-Build-and-Operate arrangement was adopted in line with the existing arrangement for WKTS. The estimated cost of the proposed project at \$85.3 million was inclusive of costs for design and construction according to the specified specifications. As such, further funding would not be sought for complying with the said specifications.

30. The Chairman asked why the operating cost of the interim facility at the West New Territories (WENT) Landfill at Nim Wan (around \$150/tonne) was much higher than that of the proposed facility at WKTS (around \$66.69/tonne). She also enquired if the annual proceeds of sale of recovered oil and grease had been included in the annual operating cost of GTWTF. The Principal Environmental Protection Officer (Special Waste & Landfill Restoration) (PEPO(SL)) explained that the French technology to be adopted for GTWTF at WKTS would be more advanced and efficient than the interim facility at the WENT Landfill, and hence the lower operating costs. Besides, the existing treatment facilities at WKTS could be shared by GTWTF. As regards the sale of the recovered oil and grease from grease trap waste (GTW), ADEP(EI) said that it was estimated that about 15 tonnes of concentrated oil and grease could be recovered per day. The selling price of the recovered oil and

grease was about \$2,000 per tonne based on the experience in France, but this had yet to be determined having regard to the treatment and demand in Hong Kong. As such, the proceeds of sale of recovered oil and grease were not included in the operating cost of the proposed GTWTF at WKTS. At the Chairman's request, the Administration undertook to discuss the possible proceeds from the sale of the recovered oil and grease in a supplementary information paper to the Panel.

Admin

31. Mr SIN Chung-kai noted that based on the current GTW intake of 400 tonnes per day, there would be a saving of around \$12 million per annum by operating the proposed GTWTF when compared to the interim facility at WENT Landfill. He enquired about the recurrent expenditure of the proposed GTWTF and whether such cost would be recovered from the catering industry. ADEP(EI) explained that GTW was categorized as commercial waste, which formed part of municipal solid waste, and thus not yet subject to any charging arrangement. Besides, the treatment of GTW was provided free of charge at the interim facility at WENT Landfill. Hence, charges would not be imposed for the first two years of operation of GTWTF. However, consideration would be given to introducing charges in future. Given that GTW was a liquid waste, Mr SIN enquired whether the trade effluent surcharge (TES) had already included the charges for treating GTW. PEPO(SL) explained that as the TES was payable by the catering industry for the treatment of sewage with the application of grease traps, no charges were levied on the treatment of GTW.

32. While acknowledging that the design capacity of GTWTF had to be limited to 450 tonnes per day on account of site constraints, the Chairman opined that there was a need to make available additional GTWTF if this was proven to be successful. Consideration should also be given to making it a mandatory requirement for waste producers to deliver GTW to GTWTF as this would not only facilitate recovery of oil and grease for reuse but also assist in reducing pollution to the environment. Consideration should also be given to introducing charges for the use of GTWTF. ADEP(EI) noted the Chairman's view and agreed to consider providing additional GTWTF as soon as practicable.

Admin

33. The Chairman asked and members agreed that the proposal could be submitted to PWSC for consideration. Ms Emily LAU expressed concern about the possible delay in the provision of GTWTF if the relevant proposal could only be submitted to the Finance Committee (FC) in April 2006, a two-month lead time after this had been discussed by PWSC in February 2006. ADEP(EI) agreed to follow up on the arrangement.

VI Proposed capital injection into the Environment and Conservation Fund
(LC Paper No. CB(1) 725/05-06(06) — Paper provided by the Administration)

34. The Chairman declared interest as a member of the Environment and Conservation Fund (ECF) Committee, and the Chairman of its Subcommittee on Waste Reduction.

35. Mr SIN Chung-kai indicated in-principle support for the proposal. Noting that the proposed injection of \$35 million to ECF was identified in the Environmental Protection Department (EPD)'s savings in its operating expenses in 2005-06, he questioned why the same arrangement was not applicable to other portfolios, such as education. He pointed out that Mr CHEUNG Man-kwong raised a question at the Council meeting on 18 January 2006 asking why the Education and Manpower Bureau had to return to the Treasury the unspent funds, amounting to \$7.1 billion dollars, which could have been re-allocated to education funds or other non-recurrent uses. Given the discrepancies in the use of unspent funds by the two policy bureaux, Mr SIN considered it necessary for the Secretary for Financial Services and the Treasury to explain to members the policy governing the use of unspent funds at the FC meeting when the proposed injection would be further discussed and voted upon. Mr Martin LEE also asked how EPD could manage to identify savings from its operating expense and whether the use of unspent funds for injection into ECF was an exceptional arrangement.

36. DDEP(3) said that with the introduction of the envelope approach in 2003-04, capital non-works items not involving acquisition or construction of physical assets (e.g. consultancies, studies, research and education projects under ECF) would normally be funded by the envelope allocations of the respective Director of Bureau. To ensure adequate funding for ECF, EPD had identified savings within its operating expenses in 2005-06 for such purpose. DDEP(3) however said that he was not in a position to comment on whether other bureaux or departments would pursue a similar arrangement.

37. The Chairman expressed concern that EPD would try to over-estimate its expenditure in an attempt to achieve savings for the needed injection into ECF, and that there would be no injection into ECF if savings could not be identified. DDEP(3) said that the proposed injection was sought towards the end of the financial year because EPD was reasonably certain about the savings that could be achieved in its operating expenses. He assured members that EPD would not over-estimate its expenditure. In fact, the funding for the environment portfolio had remained unchanged over the years.

38. Ms Emily LAU enquired about the effectiveness of the projects under ECF. She added that the Administration should have included in the paper details of these projects, including names of recipient organizations, nature of applications, funding received and benefit derived etc, to enhance transparency in funding allocation. The Assistant Director of Environmental Protection (Conservation) advised that for the past years, over 1 000 organizations had received funding from ECF and these included schools, universities, green groups and district organizations. The criteria for funding had been set out in the ECF website. Projects funded by ECF included -

(a) Student Environmental Protection Ambassadors (SEPA) Scheme

In 2004-05, about 750 schools had participated in SEPA sponsored by ECF. Under the Scheme, students were trained to be green leaders in organizing green activities in their own schools. There were at present about 12 000 Student Environmental Protection Ambassadors and in 2004/05, over 400 000 students had participated in the activities organized under the Scheme;

(b) Pilot Scheme for Management Agreements

ECF had funded three pilot projects to enhance the ecological values of priority conservation sites in Long Valley and Fung Yuen; and

(c) Source separation programmes

ECF had approved \$5 million funding for implementing source separation programmes for domestic waste in residential buildings.

Admin He nevertheless undertook to include more information on the projects funded under ECF in the FC paper.

39. Before concluding, the Chairman asked and members agreed that the Administration could submit the proposal to FC. The Chairman also reminded the Administration to provide the required information in the FC paper.

VII Any other business

40. There being no other business, the meeting ended at 4:20 pm.