

**For discussion
on 20 October 2006**

**Legislative Council
Panel on Environmental Affairs**

**2006-07 Policy Agenda
Policy Initiatives of the Environment, Transport and Works Bureau**

Introduction

1. The 2006-07 Policy Agenda just issued lists the Government's new and on-going initiatives. This note elaborates on the initiatives affecting the environment portfolio of the Environment, Transport and Works Bureau in the 2006-07 Policy Agenda. The paper also gives an account of the position reached on the initiatives in the 2005-06 Policy Agenda.

2006-07 Policy Agenda

Environmentally Responsible Development

New Initiatives

2.1 **Initiative**

Encourage owners of old diesel commercial vehicles to replace their old vehicles by offering one-off grant.

A descriptive account of the initiative

Vehicles are the second largest source of air pollution in Hong Kong, contributing to about 25% of the territory-wide respirable suspended particulates (RSP) and nitrogen oxides (NO_x) emissions. Pre-Euro and Euro I diesel commercial vehicles account for a large share of emissions from the vehicle fleet. If all pre-Euro and Euro I diesel commercial vehicles are replaced by Euro IV models, the territory-wide emissions of RSP and NO_x will be reduced by 18% and 10% respectively. The Administration plans to introduce a programme in the second quarter of 2007 to encourage early replacement of these vehicles by Euro IV models through providing a one-off grant for the vehicle owners. If all eligible vehicle owners take up the grant, the total grant will amount to \$3.2 billion. Please see **Annex A** for details.

2.2 Initiative

Consult the public on whether to introduce a law to ban idling vehicles from running their engines ("idling vehicles").

A descriptive account of the initiative

The community has strong concern on roadside air pollution. Emissions from idling vehicles affect our environment and public health. Many overseas countries, including countries which have hot and humid summer such as Singapore and Japan, have enacted laws banning idling vehicles. The Administration plans to consult the public in early 2007 on whether to regulate idling vehicles in Hong Kong. Please see **Annex B** for details.

2.3 Initiative

Provide tax incentives to encourage the use of environment friendly cars.

A descriptive account of the initiative

The Administration proposes to promote, with effect from 1 April 2007, the use of environment friendly private cars to improve roadside air quality by reducing their First Registration Tax by 30%, subject to a cap at \$50,000 per vehicle. Environment friendly private cars not only save fuel, but also emit less air pollutant that affects health. Adopting these cars will help improve roadside air quality. The Government will also set an example by giving priority to environment friendly private cars when procuring replacement vehicles, starting with small and medium saloon cars in the Government fleet, barring any operational and resources considerations. Please see **Annex C** for details.

2.4 Initiative

Launch in 2007 a comprehensive study to review Hong Kong's Air Quality Objectives and to develop a long-term strategy on air quality management, followed by a thorough public engagement process.

A descriptive account of the initiative

The Environmental Protection Department plans to commission an 18-month study in early 2007 to fully review Hong Kong's air quality objectives and long-term air quality management strategy. The study will make reference to the latest findings of research undertaken by the World Health Organization, the European Union and the United States, so as to formulate our long-term air quality management strategy. The review will include extensive consultation and public engagement. We plan to set up a steering committee comprising members of the Advisory Council on the Environment, representatives from relevant policy bureaux and departments, as well as experts and academics. The Government hopes to finalize the new air quality objectives and the

required long-term strategy on air quality by 2009. We expect that the new air quality strategy will have far reaching impact on a wide range of policy areas including energy, transportation, industrial production, urban planning and conservation as well as on the people's way of life. The study will take 18 months to complete given such extensive scope.

2.5 Initiative

Prepare legislation for the introduction of producer responsibility schemes in Hong Kong to encourage waste reduction, recovery and recycling.

A descriptive account of the initiative

Enshrining the "polluter-pays" principle and the emphasis on "responsibility", producer responsibility schemes (PRS) are a key policy tool in the "Policy Framework for the Management of Municipal Solid Waste (2005-2014)" for waste reduction, recovery and recycling. Under the PRS, a host of stakeholders, who can be manufacturers, importers, distributors, retailers and consumers, shall share the responsibility for the collection, recycling, treatment and disposal of end-of-life products, with a view to avoiding and reducing the environmental impact caused by such wastes.

We consulted the LegCo Panel on Environmental Affairs on the legislative proposals (i.e. the Product Eco-responsibility Bill) in April 2006. While supporting the introduction of the PRS in principle, Members requested that the umbrella legislation should be accompanied by the details of at least one PRS. We are working on this request and are developing a number of the PRS in parallel, with the PRS on plastic shopping bags at a more advanced stage. We plan to introduce the Bill into the LegCo in the 2006-07 legislative session.

2.6 Initiative

Upgrade the Chemical Waste Treatment Centre in 2008-09 to meet the latest air-emission standards of the European Union.

A descriptive account of the initiative

The Chemical Waste Treatment Centre (CWTC) has adopted stringent environmental protection standards. However, in order to further improve the environmental performance of the CWTC, we plan to upgrade the air pollution control system of the CWTC in 2008. We will tighten the emission limits of many pollutants to meet the latest air emission standards adopted by the European Union (EU). The EU emission standards for hazardous waste incinerators are the most stringent among advanced countries.

The environmental monitoring results indicate that the concentrations of the air pollutants emitted by the CWTC are well below the current emission limits.

The concentrations of the majority of the pollutants are generally meeting the latest EU emission standards. Only the concentrations of sulphur dioxide and nitrogen dioxide need to be further lowered. In this regard, to comply with the respective emission limits, we propose to install sulphur and nitrogen oxides removal facilities at the air pollution control system.

2.7 Initiative

Request the Central Government to make arrangements for applying the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade to the HKSAR after the enactment of the Hazardous Chemicals Control Bill to regulate non-pesticide hazardous chemicals.

A descriptive account of the initiative

The Rotterdam Convention aims to promote shared responsibility and cooperative efforts among the contracting parties in the international trade of certain hazardous chemicals and pesticides in order to protect human health and the environment from potential harm. The Convention has introduced a mandatory Prior Informed Consent Procedure to monitor and control the import and export of certain hazardous chemicals and disseminate national importing decisions to the contracting parties. The Rotterdam Convention entered into force on 24 February 2004 and became applicable to the People's Republic of China (PRC) on 20 June 2005. The Rotterdam Convention has not been applied to the HKSAR because we are not in a position to comply with the Rotterdam Convention without the necessary legislation. Upon enactment of the Hazardous Chemicals Control Bill, we will request that the Central Government make arrangements for applying the Rotterdam Convention to the Hong Kong Special Administrative Region (HKSAR).

2.8 Initiative

Introduce legislation to mandate the installation of catalysts by long-idling pre-Euro heavy diesel vehicles.

A descriptive account of the initiative

We completed by the end of last year a programme to retrofit long-idling pre-Euro heavy diesel vehicles with catalysts. About 95% of the eligible vehicles participated in it. We plan to make the installation of catalysts mandatory for long-idling pre-Euro heavy diesel vehicles from April 2007 onward. We are making preparations for legislative amendments and will consult Members in due course.

On-going Initiatives

2.9 Initiative

Continuing to pursue the phased implementation of Stage 2 of the Harbour Area Treatment Scheme with the aim of completing Stage 2A by 2013-14, and advancing the provision of disinfection at the Stonecutters Island Sewage Treatment Works with a target completion of 2008-09. However, this is subject to the acceptance by the community of the need for the full recurrent costs to be recovered through the sewage services charging scheme. The timing for Stage 2B will be subject to further review in 2010-11.

A descriptive account of the initiative

Following completion of HATS Stage 1 at the end of 2001, and based on the public's support through the public consultation conducted in 2004, we are proceeding with the implementation of HATS Stage 2 in phases. The first phase, i.e. Stage 2A is to collect the remaining 25% of harbour area sewage not handled by Stage 1 and transfer it for centralized chemical treatment at the expanded Stonecutters Island Sewage Treatment Works, we aim to complete Stage 2A by 2013-14. To provide early improvement in the water quality of the Tsuen Wan beaches, we plan to advance part of the Stage 2A disinfection facilities for commissioning in 2008-09. The second phase, i.e. Stage 2B, is to provide biological treatment for all the harbour area sewage to secure long term protection of harbour water quality. The timing for this depends upon trends in population, sewage flow build-up, and water quality, and its implementation timetable will be the subject of a review to be carried out in 2010-11.

The construction of both phases of Stage 2 in accordance with the present plan will depend on the acceptance by the community of the need to fully recover the operational cost of sewage services through sewage charges in the long term. We are therefore concurrently reviewing the charging scheme in accordance with the "polluter-pays" principle, and intend to bring forward proposals for changes in the fourth quarter of 2006 (see section 2.12 below).

2.10 Initiative

Implementing the HKSAR Implementation Plan for meeting the obligations under the Stockholm Convention on Persistent Organic Pollutants, which was submitted to the Central Government in September 2006.

A descriptive account of the initiative

For the Stockholm Convention, the HKSAR has developed the HKSAR Implementation Plan, which will form part of the PRC's National Implementation Plan to be submitted to the Conference of the Parties of the Stockholm Convention before 11 November 2006. The implementation plan

includes an initial assessment of the POPs emissions and levels in the HKSAR and the associated environmental and health risks, together with a package of actions to manage POPs as required by the Stockholm Convention. We submitted the HKSAR Implementation Plan to the Central Government in September 2006.

2.11 Initiative

Continuing to monitor the progress of the power companies in implementing pilot commercial-scale wind energy projects for public demonstration and evaluation purposes and promoting the wider application of renewable energy, following the commissioning of the first commercial-scale wind turbine on Lamma Island in February 2006.

A descriptive account of the initiative

The power companies have made notable progress in setting up the pilot production-scale wind turbine for public demonstration and technical evaluation purposes.

The Hongkong Electric's wind turbine in Lamma Island commenced operation in February 2006. The CLP Power has shortlisted two sites for year-round wind measurement and environmental impact assessment. Decision on the final site for the production-scale wind turbine will be made taking into account the wind monitoring data and the relevant environmental impact assessment reports. It is expected that the CLP Power's wind turbine project will be completed around 2007-08.

2.12 Initiative

Continuing to review the existing sewage services charging scheme according to the "polluter-pays" principle and devise measures to rationalize the schemes so as to achieve an equitable sharing of the funding responsibility in respect of the provision of sewage services.

A descriptive account of the initiative

The present sewage services charging scheme was introduced in 1995. Over the years, the Government has been subsidizing sewage services by meeting all the capital costs and by recovering only about 50% of the operating cost attributable to the Sewage Charge. In recent years, the Government has also been unable to achieve its target of recovering the full recurrent cost of providing sewage services for trade effluents to the 30 trades subject to the Trade Effluent Surcharge (TES). In order to uphold the "polluter-pays" principle therefore, the Government has decided that implementation of the next stage of the HATS should depend on the full operating costs of sewage services being recovered through the Sewage Charge and TES. We are reviewing the scheme with a view

to achieving an equitable sharing of the funding responsibility through the gradual adjustment of the charges in a small, incremental manner. Our target is to submit proposals to the Legislative Council in the fourth quarter of 2006.

2.13 Initiative

Continuing to make possible the reuse of inert construction and demolition materials outside Hong Kong. After a tendering exercise, the first batch of public fill is scheduled to be delivered for use in Mainland reclamation projects by the first quarter of 2007.

A descriptive account of the initiative

The implementation details for the delivery of reclamation material have been agreed with the Mainland authorities. In January 2006, the South China Sea Branch of the State Oceanic Administration designated a trial reclamation site in Guanghaiwan of Taishan to receive public fill from Hong Kong. Following the invitation of tenders in mid 2006, the tenders for the delivery of public fill are being assessed.

2.14 Initiative

Continuing with the implementation of the Regional Air Quality Management Plan with the Guangdong Provincial Government including efforts to reduce the emission of four major air pollutants in the Pearl River Delta (PRD) to reach the agreed levels by 2010, through the retrofit programme of desulphurization plants, upgrading of vehicle standards (National III (on a par with Euro III) for Guangdong, Euro IV for HK), adoption of cleaner production technologies for industries and the introduction of a pilot emissions trading scheme among power plants in Hong Kong and Guangdong to optimise the use of resources in the reduction of air emissions under the same air shed. The PRD regional air quality monitoring network was commissioned on 30 November 2005, with the daily release of the Regional Air Quality Index, thereby allowing the public to understand the regional air quality situation.

A descriptive account of the initiative

The HKSARG and the Guangdong Provincial Government reached a consensus in April 2002 to reduce by 2010, on a best endeavour basis, the regional emissions of sulphur dioxide, NO_x, RSP and volatile organic compounds (VOC) by 40%, 20%, 55% and 55% respectively, using 1997 as the base year. Achieving these targets will not only enable Hong Kong to meet its current Air Quality Objectives, but also significantly improve the air quality of the PRD region and relieve the regional smog problem.

In December 2003, the two governments jointly drew up the PRD Regional Air Quality Management Plan (the “Management Plan”) with a view to meeting the

above emission reduction targets. The PRD Air Quality Management and Monitoring Special Panel (the “Special Panel”) was also set up under the Hong Kong-Guangdong Joint Working Group on Sustainable Development and Environmental Protection to follow up the tasks under the Management Plan including retrofitting existing power plants with desulphurization facilities, upgrading of vehicle emission standards on both sides, reducing emissions from industrial processes and the introduction of a pilot emissions trading scheme among power plants in the region.

At the Ninth Plenary Session of the Hong Kong/Guangdong Co-operation Joint Conference held on 2 August 2006, both sides reconfirmed their determination to achieve the agreed emission reduction targets by 2010 to improve regional air quality. On the Emission Trading Pilot Scheme for Thermal Power Plants in the PRD Region, both sides noted that the Special Panel had completed an implementation framework for the pilot scheme. The next step is that after consultation with the concerned parties, the implementation framework will be presented to prospective participating power plants this year. In addition, both sides will announce in October 2006 the first half-yearly report on the monitoring results of the PRD Regional Air Quality Monitoring Network.

2.15 Initiative

Continuing to impose caps on the total emissions of power companies and requiring them to maximize the use of natural gas in power generation. Emission caps have been imposed onto Castle Peak, Black Point and Lamma Power Stations through their renewed licences.

A descriptive account of the initiative

We imposed the first emission cap on the Castle Peak Power Station upon its licence renewal on 1 August 2005. Subsequently, emission caps have also been imposed on Black Point Power Station and Lamma Power Station through renewal of their licences, in order to ensure that their emissions are kept to the practical minimum. We will progressively tighten the relevant caps to meet the 2010 emission reduction targets as agreed with the Guangdong Province in 2002.

To maximize the use of natural gas, HEC’s first Combined Cycle Gas Turbine was connected to the grid in July 2006 and scheduled for formal commercial operation later this year. CLP has also started planning and EIA process for its proposed liquefied natural gas receiving facility, so as to arrange for new supply of natural gas.

2.16 Initiative

Overseeing the implementation of the pilot scheme on management agreement and Public-Private-Partnership promulgated under the New Nature Conservation Policy, with the objective of enhancing conservation of ecologically important habitats on private land.

A descriptive account of the initiative

Pursuant to the announcement of the New Nature Conservation Policy in November 2004, we launched a Pilot Scheme on two new conservation measures, namely Management Agreements (MA) and Public-Private-Partnership (PPP), to enhance ecological values of the 12 priority conservation sites.

On 6 October 2005, the Environment and Conservation Fund Committee approved an allocation of \$4.62 million for the implementation of three pilot MA projects at Fung Yuen and Long Valley.

The Government has set up an Inter-departmental Task Force, comprising representatives from departments responsible for conservation, planning, environment and works, to examine the applications received under the Pilot Scheme for PPP. Owing to the complexity and variables involved in the Scheme, the time required for vetting the PPP proposals is longer than that for the Pilot Scheme for MA. We hope to complete the vetting process and announce the results as soon as possible.

2.17 Initiative

Introducing a new statutory regulation to impose maximum limits on the VOC content of paints, printing inks and selected consumer products, with the limits to be enforced in phases from 2007 to 2010.

A descriptive account of the initiative

We have to effectively control the emission of VOC in order to meet the emission reduction targets set for 2010 and improve air quality. We are drafting legislation to introduce limits on the contents of VOC in architectural paints, printing inks and selected consumer products. We will introduce the regulation within this year, and start implementing the various control measures in phases by the end of next year.

2.18 Initiative

Consulting the stakeholders on a proposal in 2007 to strengthen the control of emissions from petrol and Liquefied Petroleum Gas (LPG) vehicles including the use of roadside remote sensing equipment and the use of dynamometers for emission testings.

A descriptive account of the initiative

Petrol and LPG vehicles emit hydrocarbons and NO_x which contribute to the regional smog problem. If not properly maintained, emissions from an individual vehicle can increase by more than four times. Remote sensing technology can help identify on-road petrol and LPG vehicles emitting excessive emissions which are due for repair. Furthermore, similar to diesel vehicles, dynamometer-based emission tests are more effective in checking whether the excessive emission problems of these vehicles have been fixed. We will work out a proposal and consult relevant parties early next year on strengthening the control of emissions of petrol and LPG vehicles by these proven technologies.

2.19 Initiative

Tightening vehicle emission standards to Euro IV in tandem with the European Union.

A descriptive account of the initiative

It is our established policy to adopt the most stringent vehicle emission and fuel standards which are practicable for Hong Kong. We have already introduced Euro IV fuel standard for diesel and petrol. With effect from 1 January 2006, the European Union will tighten the emission standards for newly registered vehicles to Euro IV. For example, heavy duty vehicles meeting the new standards emit 80% less particulate matters and 30% less NO_x than Euro III models.. The Legislative Council has approved relevant regulations to tighten in phases the local standards in tandem with the European Union.

2.20 Initiative

Working towards the implementation of "A Policy Framework for the Management of Municipal Solid Waste in Hong Kong (2005-2014)", which adopts the "polluter-pays" principle to induce behavioural changes to ultimately reduce waste. Major policy initiatives include introducing producer responsibility legislation, establishing the EcoPark, introducing municipal solid waste charging, extending the capacities of the existing landfills, and developing long-term plans for state-of-the-art large-scale waste treatment facilities. These initiatives are being pursued in partnership with the public and the industry and through enhanced community educational efforts. We

will continue to work closely with the estate management and the residents to implement the territory wide source separation of waste programme. Phase I of the EcoPark in Tuen Mun Area 38, designated for the development of recycling and environmental industries, will be available for leasing towards the end of 2006. The feasibility and environmental impact assessment studies on landfill extensions are ongoing.

A descriptive account of the initiative

The strategy document entitled "A Policy Framework for the Management of Municipal Solid Waste (MSW) (2005-2014)" was published in December 2005. The MSW management strategy continues to adopt the three-tiered waste hierarchy with specific targets for each of the three approaches as contained in the Government's sustainable development strategy on solid waste management published in May 2005. These targets are -

- (a) Target 1 - Waste avoidance and minimization
To reduce the amount of MSW generated by 1% per annum up to the year 2014, based on the 2003 levels.
- (b) Target 2 - Waste Recovery, recycling and reuse
To increase the recovery rate of MSW to 45% by 2009 and 50% by 2014.
- (c) Target 3 - Bulk reduction and disposal of unavoidable waste
To reduce the total MSW disposed of in landfills to less than 25% by 2014.

The community and all stakeholders are invited to join hands with the Government in achieving these targets as mapped out in the Policy Framework through contributing to the various policy initiatives in accordance with the "polluter-pays" principle.

2.21 Initiative

Securing the early passage of the Hazardous Chemicals Control Bill (i.e. legislation to regulate non-pesticide hazardous chemicals, including those covered in the Stockholm Convention on Persistent Organic Pollutants and the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade) by the Legislative Council.

A descriptive account of the initiative

To better safeguard public health and the environment, we introduced the Hazardous Chemicals Control Bill into the Legislative Council in May 2006 to regulate non-pesticide hazardous chemicals, including those covered in the Stockholm Convention on Persistent Organic Pollutants and the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade.

The Stockholm Convention is a global treaty to protect human health and the environment from the potentially harmful Persistent Organic Pollutants (POPs), which cover pesticides, industrial chemicals and unintentionally produced by-products. The Stockholm Convention became effective to the PRC (including the HKSAR) on 11 November 2004.

The Rotterdam Convention aims to promote shared responsibility and cooperative efforts among the contracting parties in the international trade of certain hazardous chemicals and pesticides in order to protect human health and the environment from potential harm. The Rotterdam Convention has introduced a mandatory prior informed consent procedure to monitor and control the import and export of the chemicals and pesticides. The Rotterdam Convention became effective to the PRC on 20 June 2005. Upon enactment of the Hazardous Chemicals Control Bill, we will request that the Central Government make arrangements for applying the Rotterdam Convention to the HKSAR.

The Legislative Council has set up a Bills Committee to scrutinize the Bill.

2.22 Initiative

Introducing new legislation for a mandatory energy efficiency labelling scheme help consumers to choose energy efficient electric appliances.

A descriptive account of the initiative

The objectives of the proposed mandatory Energy Efficiency Labelling Scheme are to facilitate consumers to choose energy-efficient products and to increase public awareness on the importance of using more energy-efficient products. The Government launched a public consultation on the proposed mandatory scheme in July 2005. In view of the positive feedback received during the consultation period, we consider that the Administration should proceed with the proposed mandatory scheme, covering three specified products, namely, room air conditioners, refrigerators and compact fluorescent lamps, which are supplied in Hong Kong. We are now preparing the legislation for the introduction of the mandatory scheme and have set up two task forces with the relevant trade associations and suppliers to work out the implementation details

of the scheme.

2005-06 Policy Agenda

Environmentally Responsible Development

New Initiatives

3.1 Initiative

Propose a new regulation to control the volatile organic compound content of selected products.

Progress Made/Present Position

It is an on-going initiative in the 2006-07 Policy Agenda. Please refer to paragraph 2.17 above.

3.2 Initiative

Propose measures to strengthen the control of emissions from petrol and Liquefied Petroleum Gas (LPG) vehicles including the use of roadside remote sensing equipment and the use of dynamometers for emission testings.

Progress Made/Present Position

It is an on-going initiative in the 2006-07 Policy Agenda. Please refer to paragraph 2.18 above.

3.3 Initiative

Tighten vehicle emission standards to Euro IV in 2006 in tandem with the European Union.

Progress Made/Present Position

It is an on-going initiative in the 2006-07 Policy Agenda. Please refer to paragraph 2.19 above.

3.4 Initiative

Publish "A Road-map for the Management of Municipal Solid Waste in Hong Kong" to set out the proposed way forward to 2014. The discussion paper will focus on the core idea of using economic tools which enshrine the "polluter-pays" principle to induce behavioural changes to ultimately reduce waste. Initiatives in the paper will include introducing product responsibility legislation; implementing territory wide source separation of waste; making new economic activities on recycling feasible through the establishment of the EcoPark; developing long term plans for state-of-the-art large-scale waste treatment facilities; and introducing municipal solid waste charging. The

public will be invited to support the Road-map and endorse their expected share of contribution under the “polluter-pays” principle to enable the Government to go full steam ahead with the implementation of the initiatives.

Progress Made/Present Position

It is an on-going initiative in the 2006-07 Policy Agenda. Please refer to paragraph 2.20 above.

3.5 Initiative

Introduce legislation to control and regulate non-pesticide hazardous chemicals, including those covered in the Stockholm Convention on Persistent Organic Pollutants and the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade.

Progress Made/Present Position

It is an on-going initiative in the 2006-07 Policy Agenda. Please refer to paragraph 2.21 above.

3.6 Initiative

Prepare a legislative proposal for the introduction of a mandatory energy efficiency labelling scheme to facilitate consumers to choose energy efficient electric appliances, taking into account the views expressed by the public and the trades during the three-month public consultation period.

Progress Made/Present Position

It is an on-going initiative in the 2006-07 Policy Agenda. Please refer to paragraph 2.22 above.

On-going Initiatives

3.7 Initiative

Pursuing the phased implementation of Stage 2 of the Harbour Area Treatment Scheme (HATS) with the aim of completing Stage 2A by 2013-14, and advancing the provision of disinfection at the Stonecutters Island Sewage Treatment Works to 2008-09, subject to the acceptance by the community of the need for the full recurrent costs to be recovered through the sewage services charging scheme. The timing for Stage 2B will be subject to further review at a later date.

Progress Made/Present Position

It is an on-going initiative in the 2006-07 Policy Agenda. Please refer to paragraph 2.9 above.

3.8 Initiative

Drawing up an implementation plan for meeting the obligations under the Stockholm Convention on Persistent Organic Pollutants, with a view to submitting the plan to the Central Government in 2006.

Progress Made/Present Position

It is an on-going initiative in the 2006-07 Policy Agenda. Please refer to paragraph 2.10 above.

3.9 Initiative

Monitoring the progress of the power companies in implementing pilot production-scale wind energy projects for public demonstration and evaluation purposes and promoting the wider application of renewable energy.

Progress Made/Present Position

It is an on-going initiative in the 2006-07 Policy Agenda. Please refer to paragraph 2.11 above.

3.10 Initiative

Reviewing the existing sewage services charging scheme according to the “polluter-pays” principle with a view to achieving an equitable sharing of the funding responsibility in respect of the provision of sewage services.

Progress Made/Present Position

It is an on-going initiative in the 2006-07 Policy Agenda. Please refer to paragraph 2.12 above.

3.11 Initiative

Continuing to implement the “polluter-pays” principle. We will implement the disposal charging scheme for construction and demolition waste in December 2005. This will provide economic incentives to reduce such waste and carry out sorting to facilitate reuse or recycling.

Progress Made/Present Position

The construction waste disposal charging scheme came into operation on 1 December 2005 and the charging for the disposal of construction waste at landfills, sorting facilities and public fill reception facilities commenced on 20 January 2006. In general, the scheme has been implemented smoothly and there has been a reduction of around 36% in the amount of construction waste disposed of at landfills. A review of the implementation of the scheme is being prepared in consultation with the trade and the review findings will be reported to the LegCo Panel on Environmental Affairs later this year.

3.12 Initiative

Continuing to make possible the reuse of inert construction and demolition materials outside Hong Kong. We signed the "Implementation Scheme on the management of cross-boundary marine dumping" and the "Implementation Scheme on Hong Kong disposal of inert construction and demolition materials in the Mainland" with the South Sea Branch of the State Oceanic Administration which stipulates the technical details of cross-boundary marine dumping and disposal of inert construction and demolition materials of Hong Kong in mainland waters on 15 June 2005. We will continue to work closely with the relevant authorities to reuse public fill in Mainland reclamation projects with the objective of letting out tenders by the end of 2005.

Progress Made/Present Position

It is an on-going initiative in the 2006-07 Policy Agenda. Please refer to paragraph 2.13 above.

3.13 Initiative

Continuing with the implementation of the Regional Air Quality Management Plan with the Guangdong Provincial Government including efforts to reduce the emission of four major air pollutants in the Pearl River Delta (PRD) to reach the agreed levels by 2010, through the retrofit programme of desulphurization plants, upgrading of vehicle standards (Euro III for Guangdong, Euro IV for HK), adoption of cleaner production technologies for industries and the introduction of a pilot emissions trading scheme among power plants in Hong Kong and Guangdong to optimise the use of resources in the reduction of air emissions under the same air shed. In 2005, we started the joint air monitoring project in PRD with the Guangdong Provincial Government, covering 16 stations.

Progress Made/Present Position

It is an on-going initiative in the 2006-07 Policy Agenda. Please refer to paragraph 2.14 above.

3.14 Initiative

Imposing caps on the total emissions of power companies and requiring them to maximize the use of natural gas in power generation.

Progress Made/Present Position

It is an on-going initiative in the 2006-07 Policy Agenda. Please refer to paragraph 2.15 above.

3.15 Initiative

Implementing an incentive scheme to encourage replacement of diesel light buses with LPG or electric light buses.

Progress Made/Present Position

Since August 2002, we have been implementing an incentive scheme to encourage the early replacement of diesel light buses with LPG or electric ones. Under the scheme, a diesel public light bus (PLB) owner is entitled to a one-off grant of \$60,000 or \$80,000 for replacing his light bus with an LPG or an electric one. A diesel private light bus owner is entitled to exemption from first registration tax if he/she replaces his/her light bus with an LPG or electric one. The scheme was completed by end 2005. At present, out of the 4,300 public light buses in Hong Kong, 2,420 are LPG vehicles. From January to July 2006, newly registered LPG public and private light buses respectively account for 70% and 50% of all newly registered light buses.

3.16 Initiative

Implementing the programme to retrofit pre-Euro heavy diesel vehicles with catalysis through provision of financial assistance and introducing legislation to make the installation mandatory upon completion of the retrofit programme.

Progress Made/Present Position

Diesel vehicles are the dominant source of street-level air pollution in Hong Kong. In particular, those pre-Euro diesel vehicles as first registered before April 1995 are more polluting than newer diesel vehicles that meet more stringent emission standards. To improve air quality at street level, we started in September 2000 a programme providing grants for owners of pre-Euro diesel vehicles to install particulate emission reduction devices in their vehicles. The retrofit programme was completed by end 2005. Since April 2006, the installation of particulate emission reduction devices has become a mandatory requirement for all pre-Euro diesel vehicles except those required to operate under long-idling situations (i.e. concrete mixer). As for the long-idling pre-Euro diesel vehicles, we are making preparations for extending the mandatory installation requirement to them. Please refer to paragraph 2.8 above.

3.17 Initiative

Overseeing the implementation of the pilot scheme on management agreement and Public-Private Partnership (PPP) promulgated under the New Nature Conservation Policy, with the objective of enhancing conservation of ecologically important habitats on private land.

Progress Made/Present Position

It is an on-going initiative in the 2006-07 Policy Agenda. Please refer to paragraph 2.16 above.

**Environment, Transport and Works Bureau
11 October 2006**

Incentivize Early Replacement of Pre-Euro and Euro I Diesel Commercial Vehicles with Euro IV Vehicles

- Motor vehicles are the second largest source of air pollution in Hong Kong, contributing to about 25% of the territory-wide emissions of respirable suspended particulates (RSP) and nitrogen oxides (NOx). Of the vehicle fleet, diesel commercial vehicles are key contributors to air pollution, accounting for 90% and 80% of the total vehicular emission of RSP and NOx respectively.
- Compared with their actual numbers, pre-Euro¹ and Euro I² diesel commercial vehicles account for a disproportionately large share of emissions from the diesel commercial vehicle fleet. Compared with their Euro IV counterparts, pre-Euro vehicles emit 30 times more RSP and two times more NOx whereas Euro I vehicles emit 15 times more RSP and 1.5 times more NOx. At present, the replacement of diesel commercial vehicles is very slow. If incentives are not provided to encourage their owners to replace them, many of them will continue operation on the road. We thus need to encourage their early replacement. If all pre-Euro and Euro I diesel commercial vehicles are replaced by Euro IV models, the vehicular emissions of RSP and NOx will be reduced by 74% and 38% respectively. The territory-wide emissions of RSP and NOx will be reduced by 18% and 10% respectively.
- The Administration plans to launch a one-off grant scheme in the second quarter of 2007 to encourage the owners of these vehicles to replace them early with Euro IV vehicles. There are about 74,000 eligible vehicles. The levels of incentive for replacing pre-Euro and Euro I vehicles are about 12% and 18% of the average taxable value of the relevant vehicle class respectively. If the grant is fully taken up, the cost to the General Revenue is estimated to be \$3.2 billion.
- The Administration restricts the provision of the grant within a prescribed period so as to induce the early retirement of these old vehicles. To maximize the air quality benefits, we propose that the grant for pre-Euro vehicles should cease within 18 months and that for Euro I vehicles in three years after the launch of the incentive scheme. As for pre-Euro vehicles

¹ Pre-Euro vehicles are those diesel commercial vehicles first-registered before 1 April 1995.

² Euro I vehicles were first registered between 1 April 1995 and 31 March 1997 for buses and goods vehicles over 4 tonnes, and between 1 April 1995 and 30 September 1998 for other diesel commercial vehicles.

over four tonnes of long-idling operational mode that have been retrofitted with emission reduction devices under the Government's incentive scheme, the grant will cease within three years having regard to the 5-year warranty period for the installed devices.

- As for light buses, by making reference to an incentive scheme for electric/LPG light buses completed in end-2005, the Administration proposes that the owner of a pre-Euro or Euro I diesel light bus will be eligible for an incentive of \$80,000 for replacement with an electric light bus, \$60,000 for replacement with a Euro IV LPG light bus and \$40,000 for replacement with Euro IV diesel models. The different levels of incentives for electric, LPG and diesel light buses reflect their relative order of environmental benefits.
- As the purpose of the proposed grant is to reduce air pollution, we propose to make the grant conditional upon –
 - (a) scrapping of the existing vehicle; and
 - (b) acquisition of a replacement vehicle meeting the prevailing statutory emission standard for newly registered vehicles in Hong Kong, which is Euro IV at present.

Banning Idling Vehicles with Running Engines

- There is now serious concern in the community about roadside air pollution.
- Emissions from idling vehicles with running engines (“idling vehicles”) affect our environment and public health. Many overseas countries, including countries which have hot and humid summer such as Singapore and Japan, have enacted laws banning idling vehicles.
- The Administration plans to consult the public in early 2007 on whether legislation should be enacted to ban idling vehicles.
- During 2000 and 2001, the Government consulted 18 District Councils, the transport trades and the Legislative Council on legislative control on idling vehicles. There was no consensus on the issue. As such, the Government resorted to strengthening public education to promote the good practice of switching off idling vehicles.
- The educational approach does not seem to be effective. The number of complaints against idling vehicles has been on the rise in the last few years –

	2002	2003	2004	2005
The number of complaints	238	236	296	308

- The Legislative Council passed a motion on 7 December 2005 urging the Government, amongst other measures to improve air quality, to introduce legislation to require motorists to switch off engines of their vehicles while waiting. Some political parties have raised similar suggestions in the run-up to the 2006 Policy Address. The Administration thus needs to consult the public again for deciding on whether to ban idling vehicles.
- In the consultation conducted between 2000 and 2001, the public and the transport trades had put forward various views. Many respondents considered it impracticable to introduce a total ban on idling vehicles because of the operational needs of the transport trades. It was suggested that exemptions should be given to specific transport trades. Some were worried about putting the health of drivers and passengers at risk if the air-conditioning system had to be switched off when the weather was hot. Some pointed out that if the control scheme allowed a vehicle to keep its engine running for a short duration after coming to a stop, enforcement

problems would arise. There were also concerns that some drivers might circumvent the control by circulating on the road, resulting in more emissions and possibly traffic congestion.

Incentivize the Use of Environment Friendly Private Cars

- The Government proposes to promote, with effect from 1 April 2007, the use of environment friendly private cars to improve roadside air quality through a 30% reduction in the First registration Tax (FRT), subject to a cap of \$50,000 per vehicle.
- The proposed incentive is applicable to the following private cars –
 - (a) The hydrocarbons (HC) and nitrogen oxides (NO_x) emissions of which do not exceed 50% of the following standards –
 - (i) the Euro IV emission standards; or
 - (ii) the Japan 2005 emission standards; and
 - (b) the fuel efficiency (measured by the mileage travelled using a litre of fuel) of which should be at least 40% better than the average fuel efficiency of vehicles of the same class by weight.
- The Government will review annually the qualifying standards in the light of technological advancement so that the incentive will be restricted to vehicles of outstanding emission and fuel efficiency performance.
- Environment friendly private cars generally refer to cars which are both fuel efficient (i.e. less greenhouse gas emissions) and emit less air pollutants harmful to human health. The proposed emission and fuel efficiency standards are comparable with the top league in Green Vehicle Guide of the US Environmental Protection Agency and the Japanese Government's Low-Emission Vehicles Scheme.
- Promoting the use of these environment friendly private cars can bring substantial environmental benefits. If 15% of the petrol private saloon car fleet (numbering 340,000 at present) are replaced by them, the vehicular emissions of carbon dioxide (CO₂), HCs and NO_x in Hong Kong would be reduced by 1%, 5% and 1% respectively.
- To assist prospective car owners to choose environment friendly private car models, the Environmental Protection Department (EPD) will provide on its website a list of type-approved environment friendly models. As for environment friendly private cars imported by parallel importers, EPD will certify them for the tax concession on provision of adequate evidence of

compliance by the importers.

- The Government will also set an example by giving priority to environment friendly private cars, as and when vehicles in the Government fleet are due for replacement, taking into account operational and resource considerations.
- The Government will consult the trade and the Legislative Council on the proposed incentive scheme. EPD will announce before the incentive comes into effect the private car models complying with the qualifying criteria.