

立法會
Legislative Council

LC Paper No. CB(1) 282/07-08
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by the Administration)

Ref : CB1/PL/EA/1

Panel on Environmental Affairs

Minutes of meeting
held on Monday, 22 October 2007, at 1:45 pm
in the Chamber of the Legislative Council Building

- Members present** : Hon Audrey EU Yuet-mee, SC, JP (Chairman)
Hon Emily LAU Wai-hing, JP (Deputy Chairman)
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Hon Howard YOUNG, SBS, JP
Hon LAU Kong-wah, JP
Hon Miriam LAU Kin-ye, GBS, JP
Hon CHOY So-yuk, JP
Hon LEE Wing-tat
Hon Jeffrey LAM Kin-fung, SBS, JP
Hon CHEUNG Hok-ming, SBS, JP
- Members attending** : Hon CHAN Yuen-han, SBS, JP
Hon Abraham SHEK Lai-him SBS, JP
Hon WONG Kwok-hing, MH
- Members absent** : Hon Martin LEE Chu-ming, SC, JP
Hon SIN Chung-kai, SBS, JP
Hon WONG Yung-kan, SBS, JP
- Public officers attending** : **For item IV**

Mr Edward YAU
Secretary for the Environment

Ms Anissa WONG
Permanent Secretary for the Environment

Mr Roy TANG
Deputy Secretary for the Environment

Mr Eric CHAN
Administrative Assistant to Secretary for the Environment

Dr Mike CHIU
Deputy Director of Environmental Protection (1)

Mr Carlson K S CHAN
Deputy Director of Environmental Protection (3)

Miss Janice TSE
Deputy Secretary for Transport and Housing (Transport)

Mr Kenneth CHENG
Principal Assistant Secretary for Financial Services
and the Treasury (Treasury)

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

Staff in attendance : Ms Pauline NG
Assistant Secretary General 1

Miss Mandy POON
Legislative Assistant (1)4

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- I. Confirmation of minutes**
(LC Paper No. CB(1) 74/07-08 — Minutes of the meeting held on
11 October 2007)

The minutes of the meeting held on 11 October 2007 were confirmed.

II. Information paper issued since last meeting

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

III Items for discussion at the next meeting

(LC Paper No. CB(1) 88/07-08(01) — List of follow-up actions

LC Paper No. CB(1) 88/07-08(02) — List of outstanding items for discussion)

3. In anticipation of the large number of issues to be considered by the Panel in the current legislative session, the Chairman sought members' views on the feasibility of extending the duration of regular Panel meetings from two hours to three hours to allow sufficient time for discussion. She said that at present, regular Panel meetings were normally held on the fourth Monday of each month from 2:30 pm to 4:30 pm in Conference Room A to be followed by meetings of the Panel on Administration of Justice and Legal Service (AJLS Panel) in the same room. It was therefore unlikely that the end time could be extended beyond 4:30 pm due to unavailability of meeting venue, and the fact that some members were also members of the AJLS Panel. As such, a possible choice was to advance the start time from 2:30 pm to 1:30 pm.

4. Mr Howard YOUNG said that he would prefer to advance the start time of meetings rather than holding special meetings. However, the need to advance the start time should be decided on a case-by-case basis taking into account the agenda of the meeting.

(Post-meeting note: On the advice of the Chairman, a notice was sent to members vide LC Paper CB(1) 87/07-08 seeking their views on the feasibility of extending the duration of regular Panel meetings from two hours to three hours.)

5. Members agreed to discuss the following at the next regular meeting scheduled for Monday, 26 November 2007 -

- (a) Public consultation on banning idling vehicles with running engines;
- (b) Proposed capital injection into the Environment and Conservation Fund; and
- (c) 352DS – Harbour Area Treatment Scheme, Stage 2A – Construction of advance disinfection facilities at Stonecutters Island Sewage Treatment Works.

To allow sufficient time for discussion, they also agreed that the meeting would start at 1:30 pm.

IV. Briefing by the Secretary for the Environment on relevant policy initiatives in the Chief Executive's 2007-2008 Policy Address

(The 2007-2008 Policy Address – “Policy Agenda”

Address by the Chief Executive at the Legislative Council meeting on 10 October 2007

LC Paper No. CB(1) 34/07-08(01) — 2007-2008 Policy Agenda - Policy Initiatives of the Environment Bureau)

6. The Secretary for the Environment (SEN) took members through the policy initiatives of the Environment Bureau under the 2007-08 Policy Agenda by highlighting the salient points of the information paper.

Air quality

7. While welcoming the new environmental initiatives in the 2007-08 Policy Agenda, Miss CHOY So-yuk said that there appeared to be a lack of commitment on the part of the Administration in implementing these initiatives. By way of illustration, carbon dioxide (CO₂), being a major component of greenhouse gases, was not included in the air quality objectives or the emission reduction targets in an attempt to reduce global warming. The Carbon Audit to be conducted in the new Central Government Complex at Tamar was not planned for other major projects, such as the South East Kowloon Development Project and the West Kowloon Development Project. The mandatory use of ultra low sulphur diesel (ULSD) in industrial and commercial processes was also not applicable to vessels sailing in Hong Kong. She questioned why the aforesaid had not been pursued to make the policy initiatives more effective. SEN said that an effective means to address climate change would be to enhance energy efficiency. The proposed energy efficiency and conservation measures should have a positive effect on reducing the amount of energy consumed and hence the greenhouse gas emissions in Hong Kong. As regards the Carbon Audit, it was proposed to be conducted in the Tamar Project because the project was already in the detailed design and planning stage. For the West Kowloon Development Project, the Government had yet to firm up the development programme. On the concern over the pollution associated with the high sulphur content of vessel fuels, he agreed with members that the current quality of vessel fuel was not desirable, and that concerted efforts with the shipping companies should be made to encourage the use of more environment-friendly fuels, taking into account cost implications and adaptability of engines.

8. Mr LAU Kong-wah noted from the statistics provided by the Guangzhou authorities that Guangzhou was performing better than Hong Kong in terms of measures to improve air quality. SEN said that the Guangdong Provincial Government was committed and determined to improving regional air quality and meeting the emission reduction targets by 2010. However, the situations on both sides were quite different as emissions from Guangdong were mainly from power generation, industrial processes and road transport while emissions from Hong Kong were mostly from power generation and urban activities. Both sides were making strenuous efforts to reduce emissions. A number of new initiatives to improve the environment were included in the 2007-08 Policy Agenda and more cooperative efforts were needed on both sides to improve regional air quality. For instance, the Administration would be launching a five-year programme in conjunction with the Hong Kong Productivity Council (HKPC) to assist and encourage Hong Kong-owned factories within the Pearl River Delta Region to adopt cleaner production technologies and processes.

9. Mr LEE Wing-tat suggested that consideration should be given to setting up a matching fund in Hong Kong to encourage Hong Kong investors to invest in emission

reduction facilities in the Mainland. There was also a need to work out uniform emission reduction standards on both sides. SEN said that the proposed five-year cleaner production programme should be able to help enterprises reduce emissions, enhance energy efficiency as well as improve their competitiveness and corporate image.

Global warming

10. Mr LEE Wing-tat opined that there was a need to reduce CO₂ emissions in order to tackle the problem of global warming. Noting that the United Kingdom planned to achieve carbon neutral by 2016, he enquired whether a similar timeframe could be set for Hong Kong. SEN said that taking account of Hong Kong's own situation, enhancing energy efficiency and conservation would be the best way to help tackle the problem of global warming. He stressed that regional cooperation was vital to develop Hong Kong into a green metropolis. As a member of the Asia-Pacific Economic Cooperation (APEC), the Administration would work closely with other APEC economies to achieve a reduction in energy intensity of at least 25% by 2030 (with 2005 as the base year) as pledged in the recent APEC Economic Leaders' Declaration on Climate Change, Energy Security and Clean Development. The Government would endeavour to raise public awareness of climate change and to introduce energy saving measures at different levels. For example, the public would be consulted on the proposed mandatory implementation of the Building Energy Codes which was expected to reduce energy consumption of newly built commercial premises by 10% to 15%.

Regulation of local power companies

11. Ms Emily LAU noted with concern about SEN's plans to force the two power companies to accept the new terms by way of legislation if negotiations on the new Schemes of Control Agreement (SCA) failed. She enquired about the progress of negotiations with the two power companies, particularly in respect of the permitted rate of return and the emission caps, and whether the measures to reduce greenhouse gases would be included in SCA. SEN said that as the SCA with the two power companies would expire in 2008, the Administration had conducted two rounds of public consultation on the "Future Development of the Electricity Market in Hong Kong". It had announced its plan to further open up the electricity market in as early as 2018 if the requisite market conditions warranted, and to carry out all the necessary preparations during the next regulatory period. The revised SCA for the two power companies would last for 10 years instead of the current 15 years, with an option for the Government to extend for five years after review. The permitted rate of return on Average Net Fixed Assets would be reduced from the current 13.5% - 15% to an average of below 10% and would be linked to the power companies' achievement of the emission caps stipulated in the Air Pollution Control Ordinance (Cap. 311).

12. Ms Emily LAU sought further elaboration on the regulation of the power companies, adding that members would support it if there was general public support. SEN said that since he took office on 1 July 2007, he had had several rounds of negotiation with the two power companies. The Government's objective was to ensure that the public would continue to enjoy reliable, safe and efficient electricity

supply at reasonable prices. However, the two power companies had yet to accept the terms put forth by the Administration for the new SCA. While he would continue to work hard towards reaching an agreement with the two power companies on the new SCA before the end of this year, the Administration, with the limited time left for negotiation, would prepare in parallel a piece of legislation to implement the proposals set out in the stage two consultation paper. Should the two power companies fail to reach an agreement on the new SCA with the Government by the end of 2007, the Administration would introduce the legislation into the Legislative Council early next year. The new regulatory package, including the reduction of the permitted rate of return to allow for lower electricity tariffs, and linking the rate to emission performance with a view to improving the environment, would be in the overall interests of Hong Kong. Instead of setting out the emission caps in the licence, the Administration also intended to amend the Air Pollution Control Ordinance to stipulate the emission caps for power companies in Hong Kong. The proposed legislative amendments would also provide a legal basis for power companies to meet the emission caps by way of emissions trading.

13. Miss CHOY So-yuk expressed support for the tightening of emission caps for the two local power companies. Ir Dr Raymond HO however opined that the Administration should not resort to legislation to enforce the terms of the new SCA or the emission caps, which in his view was not conducive to the business environment.

Use of environment-friendly vehicles and fuels

14. On the *proposal to further reduce the duty rate for Euro V diesel*, Ms Miriam LAU said that she supported the use of environment-friendly fuels, but was concerned about the lack of information on the incentive plan to encourage the switch to Euro V diesel. The only information available now was the proposed reduction of the duty rate for Euro V diesel to \$0.56 per litre for a period of two years to encourage the early supply of this more environment-friendly fuel. She recalled that when the concessionary duty rate for ULSD was first introduced, some oil companies had managed to profiteer from the concession without passing it to their customers. Therefore, there should be more transparency in the implementation details of the incentive plan, in particular the cost implications associated with the switch to Euro V diesel and whether customers could benefit from the reduction in duty rate. She also urged the Administration to hold more discussions with the relevant trades before moving the resolution on 14 November 2007 to reduce the duty rate for Euro V diesel for a period of two years starting 1 December 2007.

15. In response, SEN said that it was the Administration's intention to reduce the duty rate of Euro V diesel to \$0.56 per litre (as compared to \$1.10 per litre for ULSD). The objective was to encourage an early supply of this more environment-friendly fuel to the local market. As fuel price would be subject to market fluctuations, the Administration could not assess the price of Euro V diesel following the duty rate reduction. Nevertheless, the Administration would write to the oil companies explaining to them the objective of the proposed duty concession and urge them to duly reflect the proposed tax concession when pricing Euro V diesel. At members' request, the Administration undertook to provide supplementary information on the price difference between ULSD and Euro V diesel after the proposed reduction and the

cost to be borne by drivers as a result of the switch from ULSD to Euro V diesel as well as the measures which the Administration would take to ensure that the concession would benefit the drivers direct instead of being profiteered by the oil companies.

(Post-meeting note: The required information was circulated vide LC Paper No. CB(1) 181/07-08 on 1 November 2007.)

16. On the ***proposal to adopt Euro V standard as the statutory standard for motor vehicle diesel in 2009, in tandem with the European Union***, Mr Jeffrey LAM supported the adoption of a higher emission standard to help tackle air pollution, but was concerned about its impacts on the transport trades, which already had a hard time adopting Euro IV standard. He enquired about the measures which the Administration would take to assist the trades to switch to Euro V standards. SEN thanked members' support for the need to improve air quality. He said that apart from sulphur dioxide (SO₂), emissions of the three other key air pollutants, namely nitrogen oxides, respirable suspended particulates and volatile organic compounds, had decreased over the past few years. Therefore, there was a need for further measures to reduce SO₂ emissions in Hong Kong and one of these measures would be to switch from ULSD to Euro V diesel which had 80% less sulphur.

17. On the ***proposal to encourage ferry operators to switch to cleaner fuel***, Ms Miriam LAU expressed concern about the cost implications associated with the switch since most ferry operators were already facing financial difficulties in their operation. SEN explained that the Administration planned to set up a working group comprising the relevant bureaux/departments and invite the participation of ferry operators to launch a trial scheme to explore the feasibility of using ULSD by local ferries before proposing the switch.

18. On the ***proposal to promote the use of biodiesel***, Ms Miriam LAU noted that the Administration would develop specifications on the use of biodiesel as motor vehicle fuel. She considered it necessary for the Administration to also work out a plan for the local manufacture of biodiesel to develop the biodiesel market. SEN said that the proposal aimed to set out the standards for biodiesel. At present, all major vehicle manufacturers accepted B5 (i.e. blending 5% biodiesel in ULSD) for use in their vehicles without causing compatibility problems. If a fuel with higher biodiesel content was used, it might cause possible corrosion problems to the fuel system of certain incompatible vehicles. The proposal was to introduce a labelling requirement at the selling points of motor vehicle diesel having biodiesel content over 5% to assist owners in choosing a suitable fuel. Consideration would be given to developing ways to facilitate the local manufacture of biodiesel at a later stage.

19. On ***encouraging the use of environment-friendly vehicles***, Mr Jeffrey LAM expressed concerns about the limited availability of environment-friendly vehicles and the adoption of the overly stringent Californian standard for diesel private cars. SEN said that the Government had set aside \$3.2 billion in 2006-07 for providing a time-limited one-off grant to encourage the early replacement of pre-Euro and Euro I diesel commercial vehicles with Euro IV models. It might take some time for the trades to make the changes. As for the scheme to encourage motorists to purchase

environment-friendly vehicles, it was worth noting that one out of seven vehicles imported to Hong Kong in recent months was an environment-friendly model.

20. Mr LAU Kong-wah noted that under the Diesel Light Bus Replacement Programme, owners of diesel public light buses (PLBs) would be offered a one-off grant of \$60,000 or \$80,000 for each diesel PLB that was replaced with a LPG or electric one respectively. Separately, if the owner chose to replace his pre-Euro or Euro I diesel PLB with a Euro IV model, an incentive payment of \$40,000 would be offered. Given the limited availability of LPG filling stations, PLB owners would tend to opt for Euro IV models but the incentive payment of \$40,000 was much less than what was offered for LPG models. As such, they considered that the Administration should increase the incentive payment for Euro IV models to bring it on par with that for LPG models. The increased incentive payment would encourage the early replacement of old diesel PLBs, resulting not only in improvements in air quality but also passenger safety as these old PLBs were not equipped with safety belts. The Permanent Secretary for the Environment said that the different levels of incentive payments had reflected the different environmental performance of the replacement vehicles. The Programme was also approved by the Finance Committee. She stressed that there were at present sufficient number of LPG filling stations to support the operation of LPG fleet in Hong Kong. Owners of diesel PLBs were encouraged to make use of the incentive plans to replace their more polluting vehicles. The Administration would closely monitor the situation.

Road pricing

21. Ir Dr Raymond HO questioned the justifications for the Administration's proposal of re-examining the option of road pricing. He said that it would be a waste of resources to invest in further studies on road pricing since the scheme had been found to be non-viable as evidenced in the earlier studies made in 1980s and 1990s. He also considered the suggestion of using vehicles on alternative days not feasible having regard to the inconvenience which might be caused to the public. Mr LEE Wing-tat however took a different view and would support re-examining the option of road pricing which would effectively reduce traffic congestion at peak hours. Drivers would have the choice of either driving to busy business districts at peak hours subject to a surcharge or they could choose to take public transport. SEN said that the option of road pricing was revisited because there were calls from the public for reducing road traffic as well as pollution caused by vehicles. Hence, the Administration would re-examine the option taking into account technological advancement. Meanwhile, the Administration was considering a package of measures to improve roadside air quality, including banning idling engines and the use of environment-friendly fuels etc. The Council for Sustainable Development would also continue to engage the public in formulating clean air strategies and would draw up its recommendations for submission to the Government. He stressed that consultation would be conducted on these measures which would come with a cost and would likely bring about some degree of inconvenience to the public.

22. Ms Miriam LAU said that she would support using traffic management measures to improve air quality and enquired if the Administration would consider promoting "no driving day" to encourage drivers not to use their own cars and but take

public transport instead. As a start, Government officials should refrain from driving and use public transport. Ir Dr Raymond HO echoed that the public should be encouraged to take public transport rather than driving their own cars. SEN advised that over 90% of Hong Kong people were relying on public transport.

Greening and urban planning

23. As greening would improve air quality, Mr WONG Kwok-hing considered that the Greening Master Plans (GMPs), which were being implemented in Kowloon and Hong Kong Island, should likewise be implemented in the New Territories in tandem, instead of having to wait until 2009. He also enquired if the Administration would take the lead in providing green rooftops in government buildings and if so, the timetable for the provision of green rooftops in all government buildings. Consideration should also be given to providing more greening at flyovers and pedestrian footbridges. SEN said that in spite of the small area and dense population, protected green space still accounted for over 40% of the land in Hong Kong. According to his understanding, GMPs had already been implemented by the Development Bureau (DEVB) in Tsimshatsui and Central districts and these would also be implemented in the New Territories at a later stage. As greening fell outside the remit of the Environment Bureau, he agreed to relay members' request to DEVB. On green rooftops, SEN said that over 50 government buildings had been provided with green rooftops. Provision of green rooftops had also been included in the building plans for some public housing estates. More efforts would be made to provide for green rooftops in new buildings and schools. With the additional funding from the Environment and Conservation Fund (ECF), more green rooftops could be provided through the joint efforts of environmental groups. Meanwhile, owners of private buildings were also encouraged to provide green rooftops for their buildings.

24. Miss CHAN Yuen-han stressed the need for greening to improve the urban environment. She was concerned about the poor urban planning for Southeast Kowloon Development where the emphasis was focused on the development of road network, resulting in dense developments and heavy traffic in Kowloon City. SEN said that the development of the mass rail system would help to reduce the reliance on roads. He agreed that a slight reduction of development density could increase the distance between buildings while better building design would enhance the vista of buildings and improve ventilation. The Administration would review the outline zoning plans of various districts in a step-by-step manner and where justified, revise the relevant planning parameters to lower the development density.

25. The Chairman enquired about the feasibility of lowering the development density of property development projects above the Nam Cheong Station and the Yuen Long Station along the West Rail. The Deputy Secretary for Transport and Housing (Transport) said that as the subject of development density fell outside the purview of the Transport and Housing Bureau, she would relay the Chairman's enquiry to DEVB.

Waste management

26. On the reuse of inert construction and demolition materials outside Hong Kong, Mr Howard YOUNG expressed concern that if such materials were not properly

reused, this would be merely transferring the waste problem to places outside Hong Kong. He opined that consideration should be given to using these inert construction and demolition materials as public fill and deposited in some parts of country parks for the development of recreational facilities such as golf courses. SEN said that agreement had been reached with the State Oceanic Administration (SOA) on the delivery of inert construction and demolition materials to the Mainland for reclamation purposes. A trial reclamation site in Guanghaiwan of Taishan had started in July 2007 and efforts would continue to be made to explore with SOA on the feasibility of identifying more sites for reusing these materials. On the treatment of unavoidable waste, the Administration would conduct a site search exercise for the large-scale Integrated Waste Management Facilities (IWMF) which would adopt the state-of-the-art technologies to reduce the volume of waste before final disposal. Even with IWMF, landfills would still be needed as the final repositories for non-recyclable and residual waste. As the capacity of the existing landfills would be exhausted, there was a need to extend the Tseung Kwan O Landfill which might result in temporary encroachment of country parks.

27. Ir Dr Raymond HO noted the difficulties associated with the site search for IWMF for incineration of waste. He pointed out that waste incineration was a better option than waste disposal at landfills which were an eyesore to the public. He recalled that a delegation of the Panel had conducted an overseas duty visit to Europe in 2001, during which members had visited several modern incinerators which were very clean and emissions-free and some of them had even become tourist attractions. He therefore supported that an IWMF with an adequate capacity should be built for the treatment of waste. SEN said that incineration had been successfully applied in many countries in the world to treat unavoidable waste. He assured members that the state-of-the-art technology would be adopted in developing the proposed IWMF to reduce the waste before final disposal. Once the site was confirmed, the Administration would proceed with the Environmental Impact Assessment studies, project design and preparation for tendering exercises. The public would be apprised of the technology to be adopted and the advantages and disadvantages associated with the operation of IWMF. Public education programmes on the need for IWMF would be funded by ECF.

28. Miss CHOY So-yuk said that she was not opposed to incineration but was concerned about the capacity of the incinerator to be built. She remained of the view that efforts should be made to reduce, reuse and recycle the waste before incineration. SEN took note of Miss CHOY's view.

29. On the proposed extension of the Tseung Kwan O Landfill, Ms Emily LAU noted that this was strongly opposed by neighbouring residents. To this end, consideration should be given to providing betterment for the affected residents in exchange for their support for the extension of landfills. The same approach should be adopted for the proposed IWMF as this would unlikely be welcomed by neighbouring residents. More efforts should also be made to apprise the public of the need for IWMF and to assure them that its operation would not bring about adverse health impact. SEN said that public consultation on the choice of site for IWMF would be held. As new facilities might be added along with the provision of IWMF and these might bring about new job opportunities to the neighbourhood, the Home

Affairs Bureau would be consulted on the choice of site for IWWMF, taking into account district needs and facilities.

Nature conservation

30. Mr CHEUNG Hok-ming pointed out that the addition of new conservation sites had led to serious conflict between landowners and environmentalists. Since the implementation of the New Conservation Policy in November 2004, the Administration had identified 12 sites for enhanced protection under the Pilot Scheme for Management Agreements (MA) or Public-Private Partnership (PPP). However, only two sites, namely the Long Valley and Fung Yuen, were entered into MA with the landowners. He enquired about the status of the remaining sites and the complexities and variables associated with the Scheme. SEN said that as at end 2005, the ECF Committee had approved an allocation of \$4.62 million for the implementation of three pilot MA projects at Fung Yuen and Long Valley. The Pilot Scheme was proven viable as it not only allowed for the conservation and enhancement of the biodiversity of the sites, but also for the development of eco-tourism. As a result, the ECF Committee had agreed to provide funding support for the continuation of these projects. On the progress of PPP, SEN said that the Administration had received six applications which were under active consideration.

31. To maintain biodiversity in places with special ecological interest, Miss CHOY So-yuk opined that the plot ratio of the developments at the ecologically sensitive portion of the priority site under PPP should be reduced, and that consideration could be given to providing non in-situ land exchange for development subject to full justifications. SEN said that biodiversity was an important consideration in the protection and conservation of the environment. In fact, an additional country park had been designated with the objective of enhancing conservation of ecologically important habitats.

32. While welcoming the many new environmental initiatives, the Chairman expressed concern about the lack of implementation timeframes for these initiatives, including Carbon Audit, Building Energy Codes (BECs), electronic road pricing, air quality objectives etc. SEN said that a number of legislation would be introduced within the 2007-08 legislative session to allow for the implementation of emission caps for the two power companies, concessionary duty rate for Euro V motor vehicle diesel, mandatory use of ULSD in all industrial and commercial processes and producer responsibility. Other initiatives, such as control on idling engines and BECs, might take a longer time in view of the need for consultation with the public and the trades.

V. Any other business

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