

**For discussion
on 22 October 2007**

**Legislative Council
Panel on Economic Development**

**2007-08 Policy Agenda
Policy Initiatives of the Environment Bureau**

Introduction

- 1.1 The 2007-08 Policy Agenda sets out the Government's new and on-going initiatives. This note elaborates on the initiatives in the 2007-08 Policy Agenda concerning the portfolio of the Environment Bureau and provides an update on the progress made thus far in implementing the initiatives in the 2006-07 Policy Agenda.
- 1.2 Raising Hong Kong people's quality of life and developing Hong Kong into a quality metropolis are major areas of work set out in this year's Policy Agenda. We shall implement a series of policies and initiatives to regulate emissions, promote energy efficiency, strengthen regional co-operation, and engage the public in environmental protection efforts.
- 1.3 As we have pointed out at this Panel earlier on, when tackling environmental issues, we shall fully balance the need between protecting the environment and sustaining economic and social development, adopt creative technologies and provide economic incentives to attain our environment objectives. We have to embrace the "polluter pays" principle, and seek to nurture a lifestyle that treasures the conservation of resources through promotion of community participation and education. We will also conduct extensive public consultation before implementing the concerned policies to ensure that they are built upon public consensus.

2007-08 Policy Agenda

Quality City, Quality Life

New Initiatives

2.1 **Initiative**

Consult the public on the proposal to mandate compliance with Building Energy Codes (BEC) to improve energy efficiency and conservation in buildings.

A descriptive account of the initiative

Since 1998, the Government has put in place the Energy Efficiency Registration Scheme for Buildings to promote the application of BEC. Energy consumption of commercial buildings and communal facilities of industrial and residential buildings accounts for about 35 to 40% of total energy end-use in Hong Kong. Improving energy efficiency of buildings offers much scope of reduction in energy consumption. In order to increase compliance with BEC, we plan to consult the public on a mandatory scheme.

2.2 Initiative

Take the Energy Efficiency (Labelling of Products) Bill through the legislative process with a view to rolling out the first phase of the Mandatory Energy Efficiency Labelling Scheme (EELS) within 2008. Planning for the coverage of its second phase will also start in the year.

A descriptive account of the initiative

To facilitate consumers in choosing energy-efficient products and to raise public awareness of using these products, the Government introduced the Energy Efficiency (Labelling of Products) Bill into the Legislative Council in April 2007 for implementation of the Mandatory EELS. The first phase of the scheme covers three product categories, namely, room air conditioner, refrigerating appliance and compact fluorescent lamp. The Legislative Council has set up a Bills Committee to scrutinise the Bill.

Once the legislative process is completed, we shall start the implementation of the scheme and plan for the coverage of its second phase with a view to including more energy-using products under the Mandatory EELS.

2.3 Initiative

Enhance the operation of the Environment and Conservation Fund (ECF) to promote collaboration with relevant local and international bodies in projects to raise the Hong Kong Special Administrative Region's (HKSAR's) profile as a leading green city as well as to strengthen international and regional collaboration to address environmental challenges.

A descriptive account of the initiative

The Administration proposes to inject \$1 billion to ECF which is a statutory trust dedicated to support educational, research and technology demonstration projects and activities in relation to environmental and conservation matters. ECF can provide support to expanded programmes which are essential to boost community participation in environmental protection and conservation. These programme areas are set out below -

- (a) to support territory wide educational and community involvement campaigns to promote green lifestyle;
- (b) to promote Technology Transfer to Practitioners projects to enhance environmental collaboration among industry, government, professional

and research organisations;

- (c) to provide funding support to minor works projects to demonstrate and promote energy efficiency and conservation and waste reduction; and
- (d) to encourage the organization of regional and international policy and technology conferences to promote exchanges amongst professional bodies on latest developments and best practices on environment and conservation matters.

2.4 Initiative

Legislate for Producer Responsibility Schemes (PRSs) and, in accordance with the “polluter pays” principle, introduce the first scheme in the form of an environmental levy on plastic shopping bags to address their indiscriminate use.

A descriptive account of the initiative

Enshrining the principle of “polluter-pays” and the element of “eco-responsibility”, PRS is a key policy tool in the “Policy Framework for the Management of Municipal Solid Waste (2005-2014)” (Policy Framework) for waste reduction, recovery and recycling. The Policy Framework proposes to introduce PRSs on six products, namely plastic shopping bags, vehicle tyres, electrical and electronic equipments, packaging materials, beverage containers and rechargeable batteries. Amongst these products, PRS on plastic shopping bags has gained broad-based public support as reflected in a public consultation exercise completed recently. We are preparing the legislation, namely the “Product Eco-responsibility Bill”, which would provide a legal basis for PRS on plastic shopping bags, as well as other PRSs in the future.

2.5 Initiative

Encourage Hong Kong-owned factories in the Pearl River Delta (PRD) Region to adopt cleaner production technologies and practices in order to reduce emissions and enhance energy efficiency, and thereby further improve regional air quality, through launching a five year programme on professional and technical support to be implemented by Hong Kong Productivity Council.

A descriptive account of the initiative

The Hong Kong business community generally supports Hong Kong-owned factories in the PRD Region to take a leading role in enhancing the environmental performance of industries and improving air quality in the area. The Government proposes to provide funding to the Hong Kong Productivity Council to launch a five-year programme to encourage factories to adopt cleaner production technologies and practices. The overall objective is to facilitate them to contribute to a cleaner environment by reducing air emissions and enhancing energy efficiency. The estimated budget for the programme is about \$93 million. Subject to funding approval by the Finance

Committee, the proposed programme will commence in the first quarter of 2008.

2.6 Initiative

Initiate a comprehensive consultancy study on climate change to assess its impact on Hong Kong and recommend suitable strategies to enhance further our existing adaptation and mitigation measures.

A descriptive account of the initiative

Climate change is a global challenge that calls for concerted global action. We have been working closely with the international community to cope with and mitigate the climate change impacts. To further enhance our efforts in reducing greenhouse gas emissions and to adapt to climate change, we will commence a new study in conjunction with the concerned government departments. The study will evaluate the impacts of climate change on Hong Kong with reference to a number of major international reports on climate change published recently. The study findings will provide a solid scientific basis for Government to formulate long-term measures for Hong Kong to mitigate and adapt to climate change, as well as prepare a submission to the Central Government for meeting the “national communications” obligations under the Kyoto Protocol.

2.7 Initiative

Further reduce the duty rate for Euro V diesel to \$0.56 per litre for a period of two years to encourage early supply of this more environment-friendly fuel with 80% less sulphur content than ultra-low sulphur diesel (ULSD) on the local market. As there is no technical barrier for all existing diesel vehicles to migrate to Euro V diesel, the duty concession would facilitate adopting Euro V standard as the statutory standard for motor vehicle diesel made available in Hong Kong. We would review this measure before making the standard mandatory in 2009, in tandem with the European Union (EU).

A descriptive account of the initiative

To control air pollution caused by motor vehicle emissions, our established policy is to adopt the most stringent requirements for motor vehicle fuels where practicable.

With the approval of the Legislative Council, we have made Euro IV motor vehicle diesel, i.e. ULSD, the statutory standard since April 2002 in order to speed up reduction in emission of roadside air pollutants. We were three years ahead of EU in implementing that vehicle fuel standard. We have also made Euro IV unleaded petrol the statutory standard since 2005 in tandem with EU.

To further improve our roadside air quality, we propose to introduce a concessionary duty rate of \$0.56 per litre for Euro V motor vehicle diesel for two years, starting from 1 December 2007, to advance its availability.

Comparing with the current ULSD, Euro V motor vehicle diesel has 80% less sulphur ,and can reduce particulate emission of existing diesel vehicles by about 5%. At present, diesel vehicles of different Euro models are all compatible with Euro V motor vehicle diesel. Using Euro V motor vehicle diesel will not require any modifications to the vehicles. Nor will it cause any repair problems. Thus, the proposal will not increase the operating cost of the transport trades.

The Government also plans to make Euro V diesel the statutory standard for motor vehicle diesel starting from January 2009 in tandem with EU. Before its implementation, we will review the relevant tax concession arrangement.

2.8 Initiative

Promote the use of biodiesel by committing to a duty-free policy and develop specifications on its use as motor vehicle fuel.

A descriptive account of the initiative

Biodiesel is a renewable energy. Using it to replace fossil diesel can reduce greenhouse gas emissions and help avert global warming. However, biodiesel is more costly than fossil diesel. In order to support the global effort in tackling climate change and realizing the Government's commitment to reducing greenhouse gas emissions, we will make the existing duty-free practice on auto-biodiesel a policy to encourage drivers to use it as vehicle fuel.

To promote the development of the biodiesel market, we will make reference to the EU standards and draw up specifications for pure biodiesel by amending the Air Pollution Control (Motor Vehicle Fuel) Regulation (Cap 311L). This will ensure the quality of the fuel, thereby strengthening users' confidence and helping to control its impact on the environment. Our plan is to commence a consultation shortly for preparing the enabling legislation for implementation in early 2009.

All major vehicle manufacturers accept B5 (i.e. blending 5% biodiesel in ULSD) for use in their vehicles without causing compatibility problems. If a fuel with higher biodiesel content is used, it might cause possible corrosion problems to the fuel system of certain incompatible vehicles. We therefore propose, with reference to the current practice in EU, to implement a mandatory labelling requirement at the selling points of motor vehicle diesel having biodiesel content over 5%. This requirement will assist owners in choosing a fuel suitable for their vehicles.

2.9 Initiative

Encourage ferry operators to switch to cleaner fuel.

A descriptive account of the initiative

According to the statistics of 2005, vessels contributed to 4.6%, 17.7% and

7.1% of the total emissions of sulphur dioxide (SO₂), nitrogen oxides (NO_x) and respirable suspended particulates (RSP) respectively in Hong Kong. Domestic ferries puffing black smoke are not only a major eyesore, but also a focal point of criticism by the public, tourists and foreign media.

Using cleaner fuel will effectively reduce SO₂ emissions from vessels. Government vessels have already been using ULSD since 2001. In California of the United States, ferries have been required to use fuel even cleaner than ULSD since 2006. We plan to set up a working group comprising the relevant government bureaux/departments and invite the participation of ferry operators to launch a trial scheme to explore the feasibility of using ULSD by local ferries and tease out other relevant issues.

2.10 Initiative

Conduct consultation on mandating the use of ULSD in all industrial and commercial processes.

A descriptive account of the initiative

The use of industrial diesel in industrial and commercial processes is the second largest source of SO₂ emissions in Hong Kong. To improve air quality, we need to reduce SO₂ emissions from such processes by tightening the sulphur content of the fuel used from 0.5% to not more than 0.005% (which are the sulphur contents of industrial diesel and ULSD respectively). This proposal will reduce SO₂ emissions from the industrial and commercial sectors by 99%, that is 3 110 tonnes, which represents 3.7% of the overall SO₂ emissions in Hong Kong.

We have consulted the relevant trades in 2006/2007. They have showed general support for government's policies to improve air quality, although some members of the trades were concerned about the financial impact of this initiative.

We plan to start the necessary legislative process in the first season of 2008 after consulting the Legislative Council Panel on Environmental Affairs and Panel on Commerce and Industry.

On-going Initiatives

2.11 Initiative

Continuing the public engagement process for the Sustainable Development Strategy for Hong Kong, with the aim of encouraging greater public awareness of and participation in this process.

A descriptive account of the initiative

The Council for Sustainable Development will continue to engage the public in formulating a Sustainable Development Strategy for Hong Kong through the stakeholder-led public engagement process. In the latest round of public

engagement process on air quality launched in June this year, the Council issued an Invitation and Response Document entitled “Clean Air – Clear Choices” together with a related questionnaire, and organised a series of engagement events in conjunction with various stakeholder partners. Following the completion of the public engagement process on 15 October 2007, the Council is now consolidating the public views gathered and will then draw up its recommendations for submission to the Government in early 2008. The Government will take these recommendations into consideration when formulating the long-term way forward for improving the air quality in Hong Kong.

2.12 Initiative

Continuing to discuss with the two power companies the terms of the new Scheme of Control Agreements, including to put in place an effective mechanism to ensure reduced emission and to lower the permitted return of the companies so as to lower electricity tariffs. We will take into account public views received during the two rounds of public consultation on “Future Development of the Electricity Market in Hong Kong” in taking forward our medium term target of market liberalization, including the establishment of a new regulatory framework.

A descriptive account of the initiative

We are negotiating with the two power companies the terms of the post-2008 Scheme of Control Agreements. The Government is committed to ensuring that the new regulatory package will be in the overall interests of Hong Kong, including: reducing the permitted rate of return of the power companies so as to lower tariffs, and linking the rate to their emission performance in order to improve our environment.

On the issue of competition, the Government has already announced the plan to further open up our electricity market in as early as 2018 if the requisite market conditions are present then, and will carry out all the necessary preparations during the next regulatory period.

2.13 Initiative

Tightening progressively the caps on the total emissions of power companies and requiring them to maximise the use of natural gas in power generation.

A descriptive account of the initiative

We have imposed emission caps on all power stations of the two power companies upon renewals of their licences since August 2005. In the recent renewal of the licence of the Castle Peak Power Station in July this year, we have further tightened up the emission caps on SO₂, NO_x and RSP. The allowed emission levels by the end of 2009 will be 15% to 27% lower than those for 2005. We will also propose to amend the law to stipulate the emission caps for power companies in Hong Kong for 2010 and beyond.

On wider use of natural gas, the Hong Kong Electric Company Limited's (HEC's) first gas-fired generation unit has been in operation since October 2006. The China Light & Power Hong Kong Limited (CLP) submitted an Environmental Impact Assessment (EIA) report for its proposed liquefied natural gas receiving facility in October 2006. We have granted the Environmental Permit, with conditions including stringent environmental requirements and mitigating measures, to the power company in April 2007.

2.14 Initiative

Continuing to monitor the progress of the two power companies in implementing pilot commercial-scale wind energy projects for public demonstration and evaluation purposes and promoting the wider application of renewable energy.

A descriptive account of the initiative

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

HEC's wind turbine at Lamma Island commenced operation in February 2006. CLP has also completed EIA for the construction of a wind turbine at Hei Ling Chau. It is expected that this wind turbine will commence operation in 2008.

2.15 Initiative

Advancing the disinfection of the wastewater from Stage 1 of the Harbour Area Treatment Scheme (HATS) to 2009 while continuing to implement Stage 2 in phases with the aim of completing Stage 2A within 2014. Based on the results of a review in 2010-11, we will decide on the timing for building the biological treatment plant under Stage 2B.

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 within 2014. 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 2009. 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 to the results of a review to be carried out in 2010-11.

With the legislative approval of the new Sewage Charge rates on 16 May 2007,

a sustainable financial support is available for the operation of the HATS Stage 2A and other sewerage facilities. The sewerage programmes will be implemented to meet the target schedule.

2.16 Initiative

Continuing to implement “the Hong Kong Special Administrative Region Implementation Plan (HKSARIP)” for meeting the obligations under the Stockholm Convention on Persistent Organic Pollutants (POPs). We will introduce subsidiary legislation into the Legislative Council with a view to commence operation of the Hazardous Chemicals Control Ordinance in 2008. Recommending to the Central Government the extension of the Rotterdam Convention into HKSAR to further control hazardous chemicals.

A descriptive account of the initiative

In accordance with the requirements of POPs, the Central Government submitted China’s National Implementation Plan (NIP), including HKSARIP, to the Conference of the Parties of the Convention in April 2007. The Government will continue to implement in phases the action items identified in HKSARIP for the management of POPs. In accordance with the HCCO gazetted on 20 July 2007, we introduced the relevant subsidiary legislation into the Legislative Council in October 2007 to provide for the regulation of the import, export, manufacture and use of non-pesticide hazardous chemicals, with a view to putting the Ordinance into operation in 2008. To further control hazardous chemicals, we will request the Central Government to make arrangements to extend the Rotterdam Convention to HKSAR on commencement of the Ordinance in 2008.

2.17 Initiative

Completing surveys of the effluents of the remaining 26 trades under the Trade Effluent Surcharge scheme by the end of 2007. We aim to make any necessary adjustments to the scheme so as to equitably apply the “polluter pays” principle to the provision of sewage services in early 2008.

A descriptive account of the initiative

The present sewage services charging scheme was introduced in 1995. The scheme comprises two components, namely Sewage Charge (SC) and Trade Effluent Surcharge (TES). The new SC rates were approved by the Legislative Council on 16 May 2007, thus marking a milestone in the application of the “polluter pays” principle in the provision of sewage services. The new rates will be implemented starting from 1 April 2008. As for TES, incentives have been put in place since 1 July 2007 to encourage the TES trades to adopt pollution reduction measures. To further reflect the improvement in effluent quality that the trades have achieved in recent years, we undertook to complete surveys by the end of 2007 for reviewing the effluent quality of the trades, with a view to putting forward the proposal on revised TES rates to the Legislative Council in early 2008.

2.18 Initiative

Continuing to deliver inert construction and demolition materials to the Mainland for reclamation purposes. We will liaise with the Mainland authorities to identify more possible sites for their reuse.

A descriptive account of the initiative

With the approval of the State Oceanic Administration (SOA), the delivery of inert construction and demolition materials to a trial reclamation site in Guanghaiwan of Taishan started in July 2007. We will continue to explore with SOA the feasibility of more sites for reusing our public fill.

2.19 Initiative

Continuing with the implementation of the Regional Air Quality Management Plan with the Guangdong Provincial Government to reduce the emission of four major air pollutants in the PRD to reach the agreed levels by 2010.

A descriptive account of the initiative

We reached a consensus with the Guangdong Provincial Government in April 2002 to reduce by 2010, on a best endeavour basis, the regional emissions of SO₂, 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 (AQOs), 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 with a view to meeting the above emission reduction targets. The PRD Air Quality Management and Monitoring 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 Tenth Plenary Session of the Hong Kong/Guangdong Co-operation Joint Conference held on 2 August 2007, both sides reaffirmed their determination and commitment to achieve the jointly agreed emissions reduction targets by 2010. Apart from pursuing emission reduction measures, the two sides jointly established a regional air quality monitoring network to, *inter alia*, help the public understand the regional air quality in the PRD Region. Since October 2006, detailed monitoring results of the PRD Regional Air Quality Monitoring Network are made available to the public every six months.

2.20 Initiative

Undertaking a comprehensive study to review Hong Kong's AQOs and

develop a long-term strategy on air quality management, followed by extensive consultation and public engagement.

A descriptive account of the initiative

The Government commissioned a study in June 2007 to review Hong Kong's AQOs comprehensively and develop a long-term air quality management strategy in accordance with the latest findings of research undertaken by the World Health Organization, EU and the United States. We expect to complete all the relevant tasks in 2009.

The review process will include extensive consultation and public engagement. We have also set up an Advisory Panel, chaired by the Director of Environmental Protection and comprising members of the Advisory Council on the Environment, experts, academics and representatives from relevant government bureaux and departments, to provide expert advice and ensure that the study will be properly conducted.

2.21 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.

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 PPP, to enhance ecological values of the 12 priority conservation sites.

In end 2005, ECF Committee approved an allocation of \$4.62 million for the implementation of three pilot MA projects at Fung Yuen and Long Valley. Noting that the pilot MA scheme is effective in conserving and enhancing the biodiversity of the ecologically important sites, the ECF Committee agreed to provide funding support for continuation of the MA Scheme. The new round of application is now open.

The Government is examining 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 relatively longer. We will continue to discuss the proposals with the project proponents and the relevant government departments.

2.22 Initiative

Continuing to tighten vehicle emission and fuel standards in tandem with EU.

A descriptive account of the initiative

It is the Government's established policy to adopt, where practicable, the most

stringent fuel and vehicle emission standards in Hong Kong to improve roadside air quality. The prevailing statutory requirements, i.e., the Euro IV standards, are on a par with those being adopted in EU.

EU will further tighten its emission requirements for vehicle fuels and heavy-duty vehicles to the Euro V standards from January and October 2009 respectively. As compared with Euro IV vehicles, heavy-duty vehicles which could meet the new standards will emit about 40% less NOx. In addition, the Euro V standards for light duty vehicles will be implemented from January 2011. The reduction in NOx and particulate emissions are about 30% and 80% respectively. We are actively considering the feasibility of further tightening the emission standards for vehicle fuels and heavy-duty vehicles.

2.23 Initiative

Developing a proposal for stakeholder consultation with a view to strengthening the control of emissions from petrol and Liquefied Petroleum Gas (LPG) vehicles including the use of roadside remote sensing equipment and dynamometers for emission testing.

A descriptive account of the initiative

Petrol and LPG vehicles emit hydrocarbons and NOx which contribute to the regional smog problem. If not properly maintained, the emission levels of a vehicle can increase by more than four times. Remote sensing technology can help identify on-road petrol and LPG vehicles with excessive emissions that are in need of repair. Similar to the case of diesel vehicles, dynamometer-based emission tests are more effective in ascertaining whether the excessive emission problems of these petrol and LPG vehicles have been fixed.

We are drawing up details of this proposal. We plan to consult the relevant parties within this year on strengthening the control of emissions of petrol and LPG vehicles through these proven technologies.

2.24 Initiative

Considering the introduction of a statutory ban on idling engines in the light of the outcomes of public consultation.

A descriptive account of the initiative

Switching off vehicle engines while waiting will help to reduce nuisance to the nearby pedestrians and SO₂ emissions. Vehicle owners will also avoid wasting fuel and money, as well as extend the life-span of vehicles by reducing their wear and tear.

We will shortly consult the public, including all the relevant stakeholders, on a proposal to introduce a statutory ban on idling engines. We will finalise the details of the proposal in the light of comments collected. Subject to support from the community, we will commence the legislative process with a view to

implementing the ban in 2009.

2.25 Initiative

Providing incentives to encourage owners of pre-Euro and Euro I diesel commercial vehicles to replace their old vehicles with vehicles compliant with the prevalent emission requirements for newly registered vehicles.

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 RSP and NO_x emissions. In particular, pre-Euro and Euro I diesel commercial vehicles account for a large share of vehicle emissions.

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 Government has therefore set aside \$3.2 billion for providing a time-limited one-off grant to vehicle owners with effect from 1 April 2007 to encourage them to replace as soon as possible their pre-Euro and Euro I diesel commercial vehicles with those complying with the prevailing statutory emission standards for newly registered vehicles (which is now the Euro IV emission standards). As at the end of August 2007, we received 1 579 applications, of which 1 404 were approved, involving an amount of 53 million dollars.

2.26 Initiative

Encouraging the use of environment-friendly private petrol cars by reduction in first registration tax.

A descriptive account of the initiative

Since 1 April 2007, the Government has been implementing an incentive scheme to promote the use of environment-friendly private petrol cars to improve roadside air quality by reducing their First Registration Tax by 30%, subject to a cap at \$50,000 per vehicle. These environment-friendly private petrol cars not only save fuel, but also emit less air pollutant that affects health. Using these cars will help to improve roadside air quality.

From 1 April to 31 August 2007, we received 1 975 applications, of which 1 939 were approved. The amount of first registration tax foregone totaled \$45 million. Environment-friendly private petrol cars accounted for about 13% of all the newly registered private petrol cars during the period.

We will review the qualifying standards by the end of this year to ensure that the tax concession will only be provided to those with truly outstanding emission and fuel efficiency performance. Subject to improvement in the average fuel performance of vehicle models on the local market, we may tighten the qualifying standards on 1 April 2008.

2.27 Initiative

Continuing to implement the initiatives in “A Policy Framework for the Management of Municipal Solid Waste in Hong Kong (2005-2014)” by extending the territory-wide source separation of waste programme, pursuing the proposed amendment of Building (Refuse Storage and Material Recovery Chambers and Refuse Chutes) Regulations to include a mandatory requirement on the provision of a refuse storage and recovery room on each floor of new residential buildings to facilitate material recovery activities, awarding tenancies for the second batch of EcoPark, planning for consultation on options for municipal solid waste charging and carrying out feasibility and EIA studies on landfill extensions.

A descriptive account of the initiative

The Policy Framework sets out a comprehensive waste management strategy for the next ten years, with initiatives aiming to reduce municipal solid waste (MSW) generation at source, to promote recovery and recycling of waste and to treat unavoidable waste properly. In particular-

- (a) we will introduce MSW charging to provide the public with direct economic incentive to reduce and recover waste. We plan to consult the public on the charging options by end 2007;
- (b) we will continue to roll out the Source Separation of Domestic Waste Programme to encourage and assist property management companies to set up waste separation facilities at locations close to residential premises. As at end August 2007, 680 housing estates/buildings have signed up to join the programme, covering 885 000 households and 2.6 million people. In addition, we are working to amend the Building Regulations to introduce mandatory requirements for new residential buildings to provide a refuse storage and material recovery room on each building floor. We plan to introduce the proposed amendment to the Legislative Council in the 2007-08 legislative session;
- (c) tender invitation for the second batch of three lots in EcoPark Phase I for recycling of waste plastics, waste electrical and electronic equipment and organic waste was closed in early October 2007. Tenancies are expected to be awarded by end of 2007;
- (d) as for the treatment of unavoidable waste, we are at the final stage of a site search exercise for the large scale Integrated Waste Management Facilities (IWMF) which will adopt state-of-the-art technologies to reduce the volume of waste before final disposal. Once the site is confirmed, we will conduct EIA study, project design and preparation of tendering exercise. We expect that the first phase of IWMF will be commissioned in mid 2010s. We will also develop an Organic Waste Treatment Facilities (OWTF) that would treat source separated organic waste such as food waste and turn them into useful resources. We plan to commission the first phase of OWTF before mid 2010s; and

- (e) even with IWMF, we still need landfills as the final repositories for non-recyclable and residual waste. Given that the capacity of the three existing landfills would be exhausted one by one from early to mid 2010s, we need to extend these landfills as a matter of priority. The engineering feasibility and EIA study for the North East New Territories Landfill Extension has been substantially completed. Those for the other two landfill extension schemes are in progress. We shall maintain proactive communication with all stakeholders and the general public in the course of the studies and project implementation.

2.28 Initiative

Upgrading the Chemical Waste Treatment Centre (CWTC) in 2008-09 to meet the latest air-emission standards of EU.

A descriptive account of the initiative

At present, the environmental monitoring results indicate that the concentrations of the air pollutants emitted by CWTC are well below the current emission limits. The concentration of the majority of the pollutants generally meet EU standards and only the concentrations of SO₂ and NO_x need to be further lowered. We plan to install sulphur and nitrogen oxides removal facilities at the air pollution control system.

The upgrading works will be included in the proposed CWTC's follow-on operation contract. The prequalification exercise of the specialist contractors is in progress. We plan to invite tenders from the prequalified companies/joint ventures in late 2007. The successful tenderer will carry out the required upgrading works to the air pollution control system of CWTC to meet the new emission standards that are based on the latest EU standards.

2006-07 Policy Agenda

Vibrant Economy

On-going Initiative

3. Initiative

Discussing with the two electricity companies the terms of the new Scheme of Control Agreements to succeed the existing ones which will expire in 2008. We will take into account public views received during the Stage II Public Consultation on "Future Development of the Electricity Market in Hong Kong" in finalising the agreements and mapping out the long-term development of our electricity market.

A descriptive account of the initiative

This is an on-going initiative in the 2007-08 Policy Agenda. Please refer to

paragraph 2.12 above.

Environmentally Responsible Development

New Initiatives

4.1 Initiative

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

A descriptive account of the initiative

This is an on-going initiative in the 2007-08 Policy Agenda. Please refer to paragraph 2.25 above.

4.2 Initiative

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

A descriptive account of the initiative

This is an on-going initiative in the 2007-08 Policy Agenda. Please refer to paragraph 2.24 above.

4.3 Initiative

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

A descriptive account of the initiative

This is an on-going initiative in the 2007-08 Policy Agenda. Please refer to paragraph 2.26 above.

4.4 Initiative

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

A descriptive account of the initiative

This is an on-going initiative in the 2007-08 Policy Agenda. Please refer to paragraph 2.20 above.

4.5 Initiative

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

A descriptive account of the initiative

Please refer to paragraph 2.4 above.

4.6 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

This is an on-going initiative in the 2007-08 Policy Agenda. Please refer to paragraph 2.28 above.

4.7 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

This is an on-going initiative in the 2007-08 Policy Agenda. Please refer to paragraph 2.16 above.

4.8 Initiative

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

A descriptive account of the initiative

From April 2007, non-cross boundary long idling pre-Euro heavy diesel vehicles are required by law to be installed with approved particulate reduction devices.

On-going Initiatives

4.9 Initiative

Continuing the public engagement process for the Sustainable Development Strategy for Hong Kong, with the aim of encouraging greater public awareness of and participation in this process.

A descriptive account of the initiative

This is an on-going initiative in the 2007-08 Policy Agenda. Please refer to paragraph 2.11 above.

4.10 Initiative

Continuing to pursue the phased implementation of Stage 2 of HATS 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

This is an on-going initiative in the 2007-08 Policy Agenda. Please refer to paragraph 2.15 above.

4.11 Initiative

Implementing HKSARIP 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

This is an on-going initiative in the 2007-08 Policy Agenda. Please refer to paragraph 2.16 above.

4.12 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

This is an on-going initiative in the 2007-08 Policy Agenda. Please refer to paragraph 2.14 above.

4.13 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

This is an on-going initiative in the 2007-08 Policy Agenda. Please refer to paragraph 2.17 above.

4.14 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

This is an on-going initiative in the 2007-08 Policy Agenda. Please refer to paragraph 2.18 above.

4.15 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 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

This is an on-going initiative in the 2007-08 Policy Agenda. Please refer to paragraph 2.19 above.

4.16 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

This is an on-going initiative in the 2007-08 Policy Agenda. Please refer to paragraph 2.13 above.

4.17 Initiative

Overseeing the implementation of the pilot scheme on management agreement and PPP 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

This is an on-going initiative in the 2007-08 Policy Agenda. Please refer to paragraph 2.21 above.

4.18 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 completed the legislative process to enact a regulation to impose VOC limits on architectural paints, printing inks and six selected types of consumer products, as well as to require emission reduction devices to be installed on certain printing machines. The regulation has come into operation in April 2007 and will be enforced in phases from 2007 to 2010.

4.19 Initiative

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

A descriptive account of the initiative

This is an on-going initiative in the 2007-08 Policy Agenda. Please refer to Paragraph 2.23 above.

4.20 Initiative

Tightening vehicle emission standards to Euro IV in tandem with EU.

A descriptive account of the initiative

The vehicle emission standards were tightened to Euro IV in tandem with EU in 2006.

4.21 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

This is an on-going initiative in the 2007-08 Policy Agenda. Please refer to paragraph 2.27 above.

4.22 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

This is an on-going initiative in the 2007-08 Policy Agenda. Please refer to paragraph 2.16 above.

4.23 Initiative

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

A descriptive account of the initiative

The Government introduced the Energy Efficiency (Labelling of Products) Bill into the Legislative Council in April 2007. Upon completion of the legislative process, we shall start the implementation of the Mandatory EELS. Please refer to paragraph 2.2 above.

**Environment Bureau
October 2007**