

NOTE FOR PUBLIC WORKS SUBCOMMITTEE OF FINANCE COMMITTEE

Supplementary Information on 233DS – Sludge treatment facilities

INTRODUCTION

During the discussion of **233DS** “Sludge treatment facilities” at the Public Works Subcommittee meeting held on 20 May 2009, the following subjects were raised –

- (a) updated information on consultation with Tuen Mun District Council (TMDC) on the project; and
- (b) alternative sludge treatment technology proposal.

The Administration now submits the following supplementary information on the above subjects for Members’ reference.

THE ADMINISTRATION’S RESPONSE

Updated information on consultation with TMDC during public consultation

2. We have adopted a continuous public engagement process with the TMDC and other local representatives throughout the Environmental Impact Assessment (EIA) Study of the Sludge Treatment Facilities (STF) project. We consulted the Environment, Hygiene and District Development Committee and the Working Group on Development and Planning of Tuen Mun District of the TMDC, as well as all five Tuen Mun Area Committees from 2007 to 2008. In addition, we have organized roving exhibitions in the Tuen Mun district and arranged outreach programmes for schools in Tuen Mun to introduce the STF project to the local community.

3. We consulted the TMDC on 6 January 2009 on the findings of the EIA Study and the latest development of the STF project. The TMDC objected to the siting of too many perceivably unwelcomed public facilities in Tuen Mun and requested a joint meeting with the relevant Directors of Bureaux to discuss the overall planning and development of Tuen Mun. In response to the TMDC's request, the Environment Bureau has taken the lead to set up the Tuen Mun Development Liaison Working Group (the Working Group) with representatives from TMDC, Transport and Housing Bureau/Highways Department, Food and Health Bureau/Food and Environmental Hygiene Department, Development Bureau/Planning Department, Development Bureau/Civil Engineering and Development Department as well as Home Affairs Bureau/Home Affairs Department. The Working Group was chaired by the Under Secretary for the Environment, and the TMDC representatives included the TMDC Chairman. The first Working Group meeting was held on 27 March 2009 at which TMDC representatives presented ten proposals for improving Tuen Mun's overall image and development.

4. On 22 April 2009, the Secretary for the Environment attended the TMDC Special meeting to brief members again on the design, EIA results and importance of the project. TMDC passed two motions requesting the Administration to arrange for funding application only after the Working Group and TMDC have reached consensus on the development of Tuen Mun. In response to these views, we postponed the submission to the PWSC meeting. The second Working Group meeting was held on 4 May 2009. In the meeting, the Administration provided preliminary responses to TMDC's list of ten proposals presented in the first Working Group meeting. Subsequently, the TMDC discussed the Administration's preliminary responses in the TMDC meeting held on 5 May 2009. The conclusion was that TMDC believed that the Administration responded positively to the proposals to improve the image of Tuen Mun. Under this premise, TMDC expressed no objection to the Environment Bureau's submission of the STF project to PWSC for consideration. A copy of the TMDC Chairman's report on the progress of the Working Group tabled at the TMDC meeting on 5 May 2009 is at Enclosure 1.

5. The Administration is fully committed to forging a close working partnership with the TMDC to map out strategies and measures to promote the development of Tuen Mun. Some of the issues concerning Tuen Mun's development and positioning would take time to consider in detail and resolve. We appeal for understanding that STF is an essential and integral part of the Harbour Area Treatment Scheme (HATS) programme, it is neither technically nor environmentally acceptable for HATS Stage 2A to proceed without a dedicated and sustainable outlet for the sludge arising from the HATS. We will continue to work with the TMDC and the relevant bureaux and departments on measures to promote the development of Tuen Mun.

/Alternative

Alternative sludge treatment technology proposal

Background

6. Since 2000, a company (the Company) has proposed to EPD to use their novel technology (i.e. Eco-co-combustion) at their existing cement plant site at Tap Shek Kok for the treatment of municipal solid waste (MSW) with a capacity of 4 800 tonnes per day. In 2005, the Company has cooperated with a tertiary institution to carry out a trial waste treatment plant with a capacity of around 24 tonnes per day. EPD has studied their technology and taken reference from similar operations overseas and consider that their technology is not yet proven at a scale comparable to that required for the proposed Integrated Waste Management Facilities (IWMF). In addition, there are concerns of market risk as the proposal is directly related to the making of cement which is being carried out by only one company in Hong Kong and the demand of the product is likely to be fluctuating. Putting this issue aside, it is also essential for the Company to have conducted a thorough EIA study to demonstrate the feasibility of the use of the proposed technology at its current operating site at Tap Shek Kok, given that there are a number of existing emission sources in the vicinity of the cement plant (e.g. Castle Peak Power Station, Shiu Wing Steel Mill etc). Without the process of an EIA study, we have significant concerns on the adverse cumulative air quality impact for such proposed development at the cement plant site. There are also considerable concerns about public acceptability (as the site is not far from the population clusters in Tuen Mun such as Melody Garden) as well as planning/land use (as the site is currently zoned for "cement plant" use and MSW treatment may not be compatible with this current land use designation). Overall speaking, we do not see the viability of the proposal in addressing Hong Kong's pressing MSW problem in a timely manner.

Recent sludge treatment proposal from the Company

7. Open tendering has always been adopted in Hong Kong as an effective means in identifying technically and financially capable contractors in undertaking major infrastructure projects. We welcome all capable companies who possess the necessary expertise and experience in design, construction and operation of sludge incineration facilities, to submit proposals for the STF project. In view of the scale and importance of the STF project, no companies who have failed to meet the required selection criteria, in terms of experience and technical know-how, would be considered for such a major project.

8. We openly invited prequalification submissions from interested companies and joint-ventures who wish to be included in the list of pre-qualified tenderers for the design, construction and operation of STF at the Tsang Tsui ash lagoon site on 5 December 2008. This was carried out by placement of a notice / advertisement in the Government Gazette, two local newspapers, Environmental Protection Department (EPD) website, as well as through invitation letters sent to all foreign countries' Consulates General in Hong Kong. The pre-qualification submission deadline was 21 January 2009 and we had not received any submission from the Company by that time. The Company issued a letter to EPD on 23 January 2009, two days after closing of the invitation for pre-qualification submissions, briefly outlining their proposal for adopting their previously proposed Eco-co-combustion system for MSW treatment to treat sludge in their Tap Shek Kok facility, and expressed their wish to be considered for handling sludge treatment.

9. In the brief information provided by the Company, it has not demonstrated any practical experience in the design, construction and operation of a sludge incineration facility of a comparable size anywhere in the world. It claimed that it was previously involved in carrying out a 12-month sludge "characteristics study" with a local education institution. We have the following serious reservation on their proposal –

- Technology and provenness – There has not been any integration of the proposed technology at a scale comparable to the capacity of the proposed STF, whether in Hong Kong or overseas;
- Air quality impact – It is doubtful whether the emission of the proposed technology at the Tap Shek Kok site could meet the statutory emission standards in Hong Kong in the absence of a proper EIA study;
- Market risks – The proposed technology is a cement-making related process. We are concerned that should there be any reduction in the demand for cement production or any competition from other economies, this would inevitably have knock-on effects on the treatment capacity and financial viability;
- Zoning in the outline zoning plan – Given the proposal would involve various waste handling and incineration processes, it is uncertain if the proposal would be compatible with the current "Other Specific Uses/Cement Plant" landuse status of the site;

- Reliability of the project estimates – The Company has not provided any breakdown or basis of how the project estimate of \$950 million is arrived at. In any case, the cost estimates provided by the Company were not stated in the context of a tender document and therefore cannot be relied upon as any undertaking or commitment on the part of the Company. In our previous contact with the Company over its MSW treatment facilities, we received cost estimates of about \$300 per tonne in 2003, \$500-600 per tonne in 2006, \$350-400 per tonne in 2007 and \$304 per tonne in 2008 presumably under different assumptions;
- Local objection – Some members of the community including TMDC have already indicated strong objection to developing MSW treatment facilities at the cement plant site. We noted that in March 2009, the TMDC declined to entertain the Company's proposal to brief the Council on its waste treatment technologies.

10. EPD replied the Company's letter of 23 January 2009 on 27 February 2009 explaining the deficiencies in the Company's proposal and making specific reference to the fact that the company had not taken part in the open pre-qualification exercise of the STF project.

Environment Bureau
May 2009

關注屯門發展聯絡小組
就屯門區議會對改善屯門形象及發展的建議
進度報告

背景

自本年3月關注屯門發展聯絡小組成立以來，環境局聯同發展局、食物及衛生局、運輸及房屋局和民政事務局，與屯門區議會七位代表先後召開了兩次會議，務求以實事求是的態度，積極跟進屯門區議會的建議。

進展

2. 於3月27日第一次會議上，區議會代表向局方代表詳情介紹了屯門區議會對改善屯門形象及發展的十項建議。其後於5月4日第二次會議上，局方代表進一步與區議會代表商討及跟進有關事宜。經商討後，初步取得的良好成果見附表。

前瞻

3. 我們知悉污泥處理設置是淨化海港計劃的重要一環，我們支持淨化海港，但對政府再一次將不受歡迎的設施放置在屯門表示失望。我們的失望，全港市民都會理解。

4. 屯門區議會一直以理性的態度處理這件事，提出政府應加強在屯門的建設，以平衡污泥處理設施為屯門帶來的負面形象。有關當局已經積極考慮這些建議，就一些項目作出正面回應，並會在短期內落實一些建議，這些是屯門區議會各議員努力的成果。

5. 環境局承諾會繼續透過跨政策局聯絡小組會議，跟進和落實各項建議。環境局亦從善如流，跟從屯門區議會意見，將污泥處理設施提交立法會工務委員會討論的日期押後到5月20日。在該會議上，我會如實反映屯門區議會及屯門居民的意見，及政府積極回應我們提出部份建議的正面態度。在這大前題下，屯門區議會不反對環境局將該設施提交工務委員會討論。

屯門區議會主席
2009年5月4日

(不連附表)