

立法會
Legislative Council

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Panel on Environmental Affairs

**Minutes of special meeting
held on Friday, 16 October 2009, at 9:30 am
in the Chamber of the Legislative Council Building**

Members present : Hon Audrey EU Yuet-mee, SC, JP (Chairman)

Hon CHAN Hak-kan (Deputy Chairman)

Hon James TO Kun-sun

Hon Miriam LAU Kin-yee, GBS, JP

Hon Andrew CHENG Kar-foo

Hon Albert CHAN Wai-yip

Hon LEE Wing-tat

Hon Jeffrey LAM Kin-fung, SBS, JP

Hon CHEUNG Hok-ming, GBS, JP

Prof Hon Patrick LAU Sau-shing, SBS, JP

Hon KAM Nai-wai, MH

Hon Cyd HO Sau-lan

Hon CHAN Kin-por, JP

Hon Tanya CHAN

Members attending : Hon Emily LAU Wai-hing, JP

Hon WONG Kwok-hing, MH

Hon IP Wai-ming, MH

Members absent : Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP

Hon WONG Yung-kan, SBS, JP

**Public officers
attending** : Mr Edward YAU
Secretary for the Environment

Ms Anissa WONG
Permanent Secretary for the Environment

Mr Roy TANG
Deputy Secretary for the Environment

Mr Benny WONG
Deputy Director of Environmental Protection (1)

Mr Albert LAM
Deputy Director of Environmental Protection (2)

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

Miss Linda CHOY
Political Assistant to Secretary for the Environment

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

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

Miss Mandy POON
Legislative Assistant (1)4

Action

I. Briefing by the Secretary for the Environment on relevant policy initiatives in the Chief Executive's 2009-2010 Policy Address

(The 2009-2010 Policy Address – “Policy Agenda”

Address by the Chief Executive at the Legislative Council meeting on 14 October 2009

LC Paper No. CB(1) 28/09-10(01) — Administration's paper on 2009-2010 Policy Address and Policy Agenda - Policy Initiatives of the Environment Bureau)

The Secretary for the Environment (SEN) briefed members on the policy initiatives of the Environment Bureau (ENB) in the 2009-2010 Policy Agenda.

(*Post-meeting note:* A copy of SEN's speaking note was circulated to members vide LC Paper No. CB(1) 140/09-10.)

Action

Energy efficiency and conservation

Promoting the replacement of incandescent light bulbs by compact fluorescent lamps (CFLs)

2. Mr WONG Kwok-hing noted an allegation in the media reports that the proposed replacement scheme, which involved the distribution of \$100 cash coupons by the two power companies to residential electricity account holders for the purchase of CFLs at registered retailers to replace incandescent light bulbs, might give rise to a potential conflict of interest on the part of the Chief Executive (CE) because his in-laws was in the CFL business. While he had no doubt about the conduct and integrity of CE, nor did he believe that CE had the intention to benefit his in-laws, Mr WONG was quite surprised that SEN had not mentioned nor clarified the allegation in his opening remarks. He held the view that the Administration had not been cautious in dealing with the matter. He enquired whether, in formulating the replacement scheme, the Administration had made efforts to prevent any conflict or transfer of interests. SEN explained that the wider use of more energy-efficient lighting products, including CFLs, was part of the Administration's efforts to promote energy efficiency and low carbon economy. These policy goals had long been advocated by the Administration. In addition to a study on the need to restrict the sales of incandescent light bulbs, the 2008-2009 Policy Address also committed to the wider use of more energy-efficient lighting products. These were among the environmental initiatives put forward by ENB for the consideration by the Chief Executive.

3. Mr Albert CHAN opined that many Government policies were formulated out of a good cause but were not well received because of the lack of transparency and consultation. The proposed replacement scheme was a typical example. He opined that CE's failure to declare interest was a clear omission given that the scheme might benefit the CFL trade of which CE's in-laws had an interest. He also found it unacceptable that SEN was unable to confirm whether CE had declared interest in the course of discussion of the scheme. He questioned whether there was a monitoring mechanism on the declaration system. He considered that the CE's Office should offer an explanation on the declaration of interest and alleged transfer of benefits associated with the scheme. Information, such as the market share of CE's in-laws in the CFL sector, should also be provided. SEN reiterated CE's earlier statement that protecting public interests was his sole consideration in making policy decisions. When formulating policies, CE had abided by the principle of confidentiality and other procedures.

4. Ms Emily LAU enquired if there was a mechanism on declaration of interests by Members of the Executive Council and if so, whether CE had declared his interest in the course of formulation of the proposed replacement scheme. SEN confirmed that a mechanism on declaration of interest was in place in the policy making process. The proposed scheme to promote CFLs was initiated by ENB and subsequently included in the Policy Address. Members requested the Administration to provide information on the existing registration mechanism and advise whether CE

had declared interest that his in-laws was one of the agents for CFLs in the course of discussion on the proposed replacement scheme.

5. On the proposed replacement of incandescent light bulbs with CFLs, SEN said that countries like the United States and Australia had already introduced measures to phase out incandescent light bulbs. Under the current proposal, any retailer who wished to participate in the scheme would need to register with the Administration. Registered retailers would be required to commit to ceasing the sales of incandescent light bulbs, and participate in the recycling of CFLs according to Government's schedule.

6. While Members belonging to the Democratic Party were supportive of environmental policies, Mr KAM Nai-wai said that they were concerned about the allegation that the proposed replacement scheme would lead to an increase in electricity tariffs because power companies would be allowed to raise tariffs to help finance the scheme. Besides, households which had already replaced their incandescent light bulbs with CFLs would not be able to benefit from the proposal. Given the controversies over the replacement scheme, he questioned whether this had been well thought out. SEN said that the replacement of incandescent light bulbs as a measure to combat climate change was recognized internationally. Households would gain from this environmental initiative because the replacement of incandescent light bulbs with CFLs would help achieve electricity savings of more than \$200 per year. Although CFLs were more expensive than incandescent light bulbs, their service lives were five to seven times longer than incandescent light bulbs. It was hoped that the proposed scheme would help promote public awareness on energy efficiency and conservation. The scheme would also complement the mandatory energy efficiency labeling scheme on CFLs and other products. On electricity tariffs, SEN explained that it was a standing practice that the Government would scrutinize and approve the tariff changes proposed by the power companies. It was expected that the cost implications arising from the proposed scheme would be minimal.

7. Miss Tanya CHAN expressed concern that the underprivileged would be adversely affected by the proposed replacement scheme if this would lead to an increase in electricity tariffs. She enquired if the scheme could be suitably adjusted to benefit the underprivileged. Reference could be made to Civic Party (CP)'s proposal of distributing green coupons to households for the purchase of environment-friendly products and appliances. As the coupons were not restricted to the purchase of CFLs, CP's proposal would not only allow for flexibility but also promote public awareness on energy efficiency. SEN said that lighting accounted for about 16% of domestic electricity consumption. The proposed replacement scheme was introduced in an attempt to promote the use of CFLs, and to raise public awareness on the room for energy savings by replacing incandescent light bulbs with CFLs. The proposed distribution of cash coupons for CFLs was considered a cost-effective means to promote CFLs. The Chairman clarified that the difference between CP's proposal and the current replacement scheme was that the former was proposed to be funded by the Government. She said that the Administration had only partially taken up CP's idea on cash coupons by restricting these coupons to the

purchase of CFLs. Besides, the requirement for power companies to finance these cash coupons would inevitably lead to an increase in electricity tariffs.

8. Mr CHAN Hak-kan noted with concern that the electricity consumption in Hong Kong had increased by 15% as compared to the same period last year. While supporting measures to conserve energy, he questioned why the cash coupons for CFLs were not funded by the Government, but the power companies which would eventually recover the cost through increase in electricity tariffs. He enquired if other measures, such as rebate for reduction in electricity consumption, would be put in place to encourage energy conservation. Mr James TQ echoed that consideration could be given to setting electricity reduction targets for electricity account holders so that they would enjoy some forms of rebate once the targets were reached. SEN said that the proposed replacement scheme would be a cost-effective means to encourage energy conservation. However, as financial incentives could not always be relied upon in taking forward environmental initiatives, there were other measures to improve energy efficiency. These included the mandatory implementation of Building Energy Codes (BECs), and the introduction of District Cooling System at the Kai Tak Development.

9. Given that power companies would be allowed to raise electricity tariffs to finance the proposed replacement scheme, Mr Albert CHAN held the view that the scheme was penalizing all electricity account holders because they would have to pay more for electricity. Given that the proposed scheme was flawed, he enquired whether the Administration would consider withdrawing the proposal. SEN said that the replacement scheme put forward by ENB was in line with the existing environmental policies, which aimed at improving energy efficiency and reducing greenhouse gas emissions.

10. As CFLs contained mercury, Professor Patrick LAU stressed the need to take measures to avoid contamination and pollution of the environment upon disposal of CFLs. SEN said that the Administration had launched a voluntary scheme for the recovery of CFLs, and a number of housing developments had participated in the scheme. Under the proposed replacement scheme, participating retailers would be required to undertake to join the network of collection points for used CFLs. This could help boost the scope of the collection network, and ensure the mercury recovered was disposed of appropriately.

Building Energy Codes

11. Professor Patrick LAU enquired whether the mandatory implementation of BECs to be introduced shortly would apply to industrial buildings approved for redevelopment or conversion under the new initiative proposed by the Development Bureau in the 2009-2010 Policy Address. The Deputy Secretary for the Environment explained that upon enactment of the relevant legislation, BECs would apply to existing industrial buildings when major retrofitting works were carried out in premises and common areas with an internal floor area of 500 square meters or above.

Air quality*Replacement of polluting vehicles with environment-friendly models*

12. Mr CHAN Kin-bor noted that the application period for the \$3.2 billion one-off grant scheme to encourage early replacement of pre-Euro and Euro I diesel commercial vehicles would expire on 31 March 2010. However, the majority of pre-Euro and Euro I diesel commercial vehicles had yet to be replaced, and were still running on the roads. He enquired whether further plans to optimize the use of the one-off grant to encourage early replacement of these polluting vehicles. SEN said that the deadline for owners of pre-Euro and Euro I diesel commercial vehicles to apply for the one-off grant scheme had already been extended taking into account the trades' concerns. Since the one-off grant scheme would have been in place for three years by 31 March 2010, further extension might not be useful. He called upon owners to make use of the one-off grant to replace their pre-Euro and Euro I diesel commercial vehicles before the deadline. To complement the one-off grant, the Administration had proposed to introduce financial disincentives to deter the continued ownership and usage of polluting vehicles, but these did not have the support from members. He said that the Administration would welcome views on the way forward in encouraging the early replacement of pre-Euro and Euro I diesel commercial vehicles. The Chairman suggested that the Government should buy out the polluting vehicles from owners to ensure that these vehicles would no longer run on the roads to pollute the environment. Consideration could also be given to using the remainder of the \$3.2 billion to replace the more polluting franchised buses with cleaner models.

13. Ms Miriam LAU said that the lukewarm response to the one-off grant was attributed to the poor performance of Euro IV vehicles. To avoid similar recurrences, the transport trades had urged the Administration to defer the introduction of Euro V vehicles pending outcome of trials. Noting that hybrid buses using cleaner fuels were in use in some overseas countries, she requested the Administration to conduct more studies on the available alternatives, rather than focusing on Euro IV or Euro V vehicles. Expressing similar concern, Miss Tanya CHAN enquired about the progress of promoting electric cars, and whether there would be sufficient supply of charging facilities and incentives to encourage the switch to electric cars. SEN said that the Administration was considering various means to encourage the switch to electric cars. One possible option was to lease out electric cars so that drivers could try the cars before making their purchase decisions. He added that electric vehicle models were not confined to small private cars but also available in larger sizes such as commercial vehicles, trucks and buses. In fact, there were companies in Hong Kong which were trying out the use of electric vans.

Climate change

14. Mr KAM Nai-wai was disappointed that the Administration had not set out emission reduction targets beyond 2010 in the Policy Address. As there was also no roadmap nor timetable for the emission reduction plan, he failed to understand how Hong Kong could participate in the United Nations Climate Change Conference to be

held in Copenhagen in December 2009. SEN said that as a member of the Asia-Pacific Economic Co-operation, Hong Kong would honour its pledge to reduce energy intensity by 25% in 2030.

Quality living area

15. Mr Jeffrey LAM noted that the Administration would work with the Guangdong authorities to transform the Pearl River Delta (PRD) Region into a green and quality living area, and that there would be new areas of cooperation on renewable energy, cleaner fuel, circular economy, cleaner production, electric vehicles and emission reduction. He enquired about the details of cooperation and the expected benefits for Hong Kong. SEN said that the Administration would continue to work with the Guangdong authorities to map out the post-2010 emission reduction arrangements to further improve regional air quality. In respect of transforming the PRD Region into a green and quality living area, efforts would be made to formulate and promulgate specific arrangements for Hong Kong enterprises' participation in Clean Development Mechanism projects in the Mainland.

16. Referring to the five-year "Cleaner Production Partnership Programme" (the Programme) to provide professional and technical support to Hong Kong-owned factories in the PRD Region, Mr Jeffrey LAM enquired about the industries which had benefited most from the Programme, and details for the proposed expansion. SEN said that the Programme aimed to encourage and facilitate Hong Kong-owned factories in the PRD Region to adopt cleaner production technologies and practices, thereby reducing air pollutant emissions and enhancing energy efficiency. The Administration had initially identified eight industry sectors which had contributed to air pollutant emissions to various extent and would most likely yield positive improvement. They were, namely, textiles, non-metallic mineral products, metal and metal products, food and beverage, chemical products, printing and publishing, furniture and paper/paper product manufacturing. Over 330 funding applications under the Programme had been approved up to end September 2009. Meanwhile, substantial progress had been made on energy co-operation with the Mainland. These included the construction of the eastern section of the Second West-East Natural Gas Pipeline, and plans for the joint liquefied natural gas terminal. In addition, the energy enterprises of the two sides had recently renewed the agreement on the supply of nuclear electricity to Hong Kong for a further term of 20 years. The Administration was prepared to identify cleaner production methods, and develop renewable energy in cooperation with the Mainland. On local front, ENB had started to explore with the two power companies ways to raise the proportion of natural gas for local electricity generation. Given the good progress and in response to the trades' requests, the scope of the Programme would be expanded to cover the area of effluent reduction and control with a view to further improving regional water quality. The Deputy Director of Environmental Protection (3) supplemented that most of the funding applications under the Programme were received from metal/metal products, textiles, chemical products and printing/publishing sectors. Relatively few applications were received from food and beverage and furniture manufacturing sectors.

Waste management*Food waste*

17. Noting that the Administration would be constructing a recycling centre in phases to process and recycle food waste generated by the commercial and industrial sectors, Ms Miriam LAU enquired whether the centre would be built and operated by Government or contracted out to the private sector. She also enquired about the plans for the recycling of food waste, particularly used cooking oil which could be recycled for use as biodiesel. The Permanent Secretary for the Environment (PS(Env)) said that the proposed Organic Waste Treatment Facility would be taken forward as a public works project. Based on the experience gained from the pilot waste food recycling plant at Kowloon Bay, more efforts would be made in the segregation of food waste at source as this would help facilitate the recycling process. On the recycling of used cooking oil as biodiesel, PS(Env) said that some manufacturers in Hong Kong were already involved in the business and assistance had been rendered to them.

Municipal waste

18. Ms Cyd HO was concerned about the possible impacts of the municipal waste charging scheme, if implemented, on low-income families. SEN said that while the scheme would be an effective means to reduce waste, strong resistance from the community was expected. Besides, there was difficulty in implementing the municipal waste charging scheme, given the density of multi-storey buildings in Hong Kong. In response to Ms HO's further enquiry on the measures to be taken to avoid monopolization by business enterprises in the treatment of municipal waste, SEN said that the Integrated Waste Management Facilities (IWMF) would be subject to open tender using the "design, build and operate" model. The Administration would ensure that IWMF would meet the most stringent standards.

Illegal land filling and fly-tipping activities

19. Mr LEE Wing-tat was concerned about the slow progress made to amend the Waste Disposal Ordinance (Cap.354) (WDO) to address the problem of illegal land filling and fly-tipping activities. He said that the problem was rampant in many parts of the New Territories, and many waste producers had exploited the constraints under the Town Planning Ordinance (Cap.131) (TPO) to get round the existing control on depositing of waste. They had also turned a deaf ear to Government's strong calls for proper disposal of waste. SEN said that the Administration had been closely monitoring the situation. While enforcement actions would continue to be taken under the existing control regime of the WDO as well as TPO, advice from the Department of Justice was being sought on the introduction of a notification requirement under WDO for land filling activities involving a site area that exceeded a prescribed threshold. The Administration would consult the Heung Yee Kuk and relevant District Councils, and work out details of the proposal taking into account views collected from the public and relevant stakeholders. He stressed that the Administration would not tolerate illegal land filling and fly-tipping activities in

Government land or in private land without the owners' consent.

Research and Development Cash Rebate Scheme

20. Noting that the Government would launch a "Research and Development Cash Rebate Scheme", under which enterprises conducting research and development (R&D) projects with the support of the Innovation and Technology Fund or in partnership with local designated research institutions would enjoy a cash rebate equivalent to 10% of their investments, Professor Patrick LAU enquired if the scheme would apply to R&D projects on environment-friendly building designs and materials. PS(Env) said that implementation details of the scheme would be worked out by the relevant departments. The use of environment-friendly building designs and materials was well supported by the Administration.

21. Owing to time constraints, the Chairman said that members could continue discussion on the policy initiatives of ENB in the 2009-2010 Policy Agenda at the next Panel meeting scheduled for 2 November 2009 at 10:45 am..

II. Any other business

22. There being no other business, the meeting ended at 10:30 am.

Council Business Division 1
Legislative Council Secretariat
19 November 2009