

立法會
Legislative Council

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Finance Committee of the Legislative Council

Minutes of the 12th meeting
held at Conference Room 1 of the Legislative Council Complex
on Friday, 21 November 2014, at 3:15 pm

Members present:

Hon Tommy CHEUNG Yu-yan, SBS, JP (Chairman)

Hon CHAN Kin-por, BBS, JP (Deputy Chairman)

Hon Albert HO Chun-yan

Hon LEE Cheuk-yan

Hon CHAN Kam-lam, SBS, JP

Hon LEUNG Yiu-chung

Hon Emily LAU Wai-hing, JP

Hon TAM Yiu-chung, GBS, JP

Hon Frederick FUNG Kin-kee, SBS, JP

Hon WONG Kwok-hing, BBS, MH

Hon Jeffrey LAM Kin-fung, GBS, JP

Hon Andrew LEUNG Kwan-yuen, GBS, JP

Hon WONG Ting-kwong, SBS, JP

Hon Ronny TONG Ka-wah, SC

Hon Cyd HO Sau-lan, JP

Hon CHAN Hak-kan, JP

Dr Hon Priscilla LEUNG Mei-fun, SBS, JP

Hon WONG Kwok-kin, SBS

Hon IP Kwok-him, GBS, JP

Hon Mrs Regina IP LAU Suk-ye, GBS, JP

Hon Alan LEONG Kah-kit, SC

Hon LEUNG Kwok-hung

Hon Albert CHAN Wai-yip

Hon Claudia MO

Hon James TIEN Pei-chun, GBS, JP
Hon NG Leung-sing, SBS, JP
Hon Steven HO Chun-yin
Hon Frankie YICK Chi-ming
Hon WU Chi-wai, MH
Hon YIU Si-wing
Hon Gary FAN Kwok-wai
Hon MA Fung-kwok, SBS, JP
Hon CHAN Chi-chuen
Hon CHAN Han-pan, JP
Dr Hon Kenneth CHAN Ka-lok
Hon CHAN Yuen-han, SBS, JP
Hon LEUNG Che-cheung, BBS, MH, JP
Dr Hon KWOK Ka-ki
Hon KWOK Wai-keung
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
Dr Hon Helena WONG Pik-wan
Hon IP Kin-yuen
Dr Hon Elizabeth QUAT, JP
Hon Martin LIAO Cheung-kong, SBS, JP
Hon POON Siu-ping, BBS, MH
Hon TANG Ka-piu, JP
Dr Hon CHIANG Lai-wan, JP
Ir Dr Hon LO Wai-kwok, BBS, MH, JP
Hon Christopher CHUNG Shu-kun, BBS, MH, JP
Hon Tony TSE Wai-chuen, BBS

Members absent:

Hon James TO Kun-sun
Dr Hon LAU Wong-fat, GBM, GBS, JP
Hon Abraham SHEK Lai-him, GBS, JP
Hon Vincent FANG Kang, SBS, JP
Prof Hon Joseph LEE Kok-long, SBS, JP, PhD, RN
Hon Starry LEE Wai-king, JP
Dr Hon LAM Tai-fai, SBS, JP
Dr Hon LEUNG Ka-lau
Hon CHEUNG Kwok-che
Hon Paul TSE Wai-chun, JP
Hon WONG Yuk-man

Hon Michael TIEN Puk-sun, BBS, JP
Hon Charles Peter MOK, JP
Hon Kenneth LEUNG
Hon Alice MAK Mei-kuen, JP
Hon Dennis KWOK
Hon SIN Chung-kai, SBS, JP
Hon CHUNG Kwok-pan

Public officers attending:

Ms Elizabeth TSE Man-yee, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Ms Esther LEUNG, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)1
Mr Alfred ZHI Jian-hong	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Mr WONG Kam-sing, JP	Secretary for the Environment
Mr Howard CHAN Wai-kee, JP	Deputy Director of Environmental Protection (2)
Dr Ellen CHAN Ying-lung, JP	Environmental Protection Department Assistant Director of Environmental Protection (Environmental Infrastructure)
Mr Lawrence LAU Ming-ching	Environmental Protection Department Principal Environmental Protection Officer (Landfills and Development)
Mr Elvis AU Wai-kwong, JP	Environmental Protection Department Assistant Director (Nature Conservation and Infrastructure Planning)
	Environmental Protection Department

Clerk in attendance:

Mr Andy LAU	Assistant Secretary General 1
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Staff in attendance:

Mr Derek LO	Chief Council Secretary (1)5
Mr Daniel SIN	Senior Council Secretary (1)7
Mr Ken WOO	Senior Council Secretary (1)5
Mr Raymond SZETO	Council Secretary (1)5
Mr Frankie WOO	Senior Legislative Assistant (1)3
Ms Christy YAU	Legislative Assistant (1)7

Action

Item No. 1 – FCR(2014-15)31A
HEAD 705 – CIVIL ENGINEERING
Environmental Protection – Refuse Disposal
164DR – Southeast New Territories Landfill Extension

Item No. 2 – FCR(2014-15)32A
HEAD 705 – CIVIL ENGINEERING
Environmental Protection – Refuse Disposal
163DR – Northeast New Territories Landfill Extension

Item No. 3 – FCR(2014-15)33A
HEAD 705 – CIVIL ENGINEERING
Environmental Protection – Refuse disposal
165DR – West New Territories Landfill Extension

Item No. 4 – FCR(2014-15)34A
HEAD 705 – CIVIL ENGINEERING
Environmental Protection – Refuse Disposal
177DR – Development of integrated waste management facilities phase 1

The Committee continued the joint deliberation on the items FCR(2014-15)31A to 34A.

2. The Chairman reminded members that three members had separately moved four motions to adjourn discussion on the four items under deliberation. All the motions had been negatived. It would not be in order for members to move another motion to adjourn discussion on any of these agenda items. He said that the Committee had already spent seven and a half hours discussing the four funding proposals and another four and a half hours handling six related motions to adjourn discussion of the items or to adjourn further proceedings of the Committee.

3. The Chairman reiterated that five proposed motions to be moved under paragraph 37A of the Finance Committee ("FC") Procedure had been received from Mr Gary FAN. The Chairman said that any such motions would be dealt with following the completion of discussion on the items. He reminded members that proposed motions to be moved under paragraph 37A must be directly related to one of the four items under deliberation, and he would first put the proposed motions that he had ruled to be directly related to FCR(2014-15)31A to the Committee to decide whether they should be proceeded forthwith. After the Committee has dealt with these motions, he would put the item FCR(2014-15)31A to vote. He would deal with the remaining three items following the same procedure.

Direct and indirect pecuniary interests

4. Mr Gary FAN raised a point of order regarding the application of Rule 83A of the Rules of Procedure ("RoP") of the Legislative Council ("LegCo"). He referred to a press report which suggested that the contractors and operators of the existing three landfills were connected with the New World Development Limited and Sun Hung Kai Properties Limited.

5. Mr Gary FAN said that Mr Abraham SHEK and Mr NG Leung-sing were, respectively, non-executive directors of companies that were either closely connected with the New World Development Limited or Sun Hung Kai Properties Limited. These two members might have direct or indirect pecuniary interests in the items under deliberation, but they had not declared interest at the current and previous meetings. Mr FAN asked the Chairman to rule whether these members had direct or indirect pecuniary interests and whether they should withdraw from the meetings during the deliberation on the current agenda items.

6. The Chairman said that he had reminded members to declare interest under Rules 83A and 84 of RoP at the beginning of the meeting. It was up to the individual members to determine whether they had direct or indirect pecuniary interest in an item and declare any such interest as they think appropriate.

7. Mr IP Kwok-him reminded members, in his capacity as Chairman of the Committee on Members' Interests ("CMI"), that the RoP did not provide specifically the circumstances under which a Member did or did not have a pecuniary interest in a matter that is before the Council or a committee, be it direct or indirect. It was for individual Members to judge whether they had a direct or indirect pecuniary interest in the matter under consideration at the relevant meeting of the Council and committees. The basic principle as

having been adopted by CMI of the previous LegCo in determining whether a pecuniary interest should be disclosed was whether the interest might reasonably be thought by others to influence the Member's actions or speech in the matter being considered.

8. Mr Gary FAN asked if the Administration was aware of the connection between the landfill contractors and operators and the property developers of which Mr NG Leung-sing and Mr Abraham SHEK held the respective non-executive director positions. Deputy Director of Environmental Protection (2) ("DDEP(2)") said that the contractors were not required to provide information on their non-executive directors and the composition of their governance boards was not part of the factors in selecting contractors or operators for the construction or management of the landfills.

9. Mr LEUNG Kwok-hung asked if the Administration would review the contractual arrangement now that it was informed of possible conflict of interest between the landfill contractors/operators and some members of the Committee, whose votes could have a bearing on whom the contracts of the proposed landfill extensions would be awarded to.

10. DDEP(2) said that the Administration did not consider that there was a case of conflict of interest and said that the Administration could only act according to the terms of the contracts.

Waste disposal charging

11. Dr KWOK Ka-ki questioned the basis for charging disposal of construction waste at \$125 per tonne and disposal of fill materials at \$27 per tonne. Dr KWOK said that subsidizing developers for construction waste disposal was at variance with the "polluter pays" principle. Ms Emily LAU expressed a similar concern and asked when the Administration would review the charging scheme. Dr Fernando CHEUNG asked if disposal of household waste should be charged less than construction waste.

12. DDEP(2) said that different waste treatment facilities received different types of construction and demolition ("C&D") materials for disposal at different charges. For example, C&D materials with more than 50% of inert content must be disposed of at a sorting facility at \$100 per tonne, whereas fill materials must be disposed of at a fill bank at \$27 per tonne. The levels of charges were imposed by reference to the operation costs of the respective facilities, and with the objective of encouraging the use of public fills for disposal of inert materials. Secretary for the Environment ("SEN") and DDEP(2) added that the Administration had kick-started a comprehensive

review of waste disposal charging. Recommendations would be formulated and submitted to the relevant LegCo Panel for discussion within 2015. SEN said that the Administration would consult the views of the concerned sector when finalizing the levels of charges. Basically, the levels of charges would be determined having regard to the "polluter pays" principle.

13. Assistant Director of Environmental Protection (Environmental Infrastructure) ("AD(EI)") supplemented that it would be difficult to introduce a single indicator to measure the effectiveness of construction waste reduction measures as the nature of public works projects varied. However, works departments had to develop plans to minimize generation of construction waste for each project.

Consultation

14. Dr KWOK Ka-ki criticized the Administration for its reluctance to meet with TKO residents to listen to their views on the problems related to the operation of the Southeast New Territories ("SENT") landfill. Likewise, Dr KWOK said that the Administration had not met with Ta Kwu Ling residents on the problems associated with the extension of the Northeast New Territories landfill.

15. SEN said that since 23 August 2013, the Administration had met with local residents and/or local resident organizations on 46 notable occasions, such as meetings and site visits attended or arranged by officials of the Environment Bureau and Environmental Protection Department to listen to local residents' views on the landfill extension proposals. There had also been 13 such occasions during the same period to listen to the views of local residents or their representatives on the proposed Integrated Waste Management Facilities ("IWMF") phase 1.

Waste management issues

16. Dr KWOK Ka-ki said that there were reports that waste collectors had delivered materials from Governments' recycling bins to landfills rather than for recycling. He criticized the Administration for lack of monitoring and asked what measures the Administration would implement to tackle the problem. SEN advised that the Food and Environmental Hygiene Department had taken up the matter with the waste collection contractors.

17. The Chairman reminded members not to repeat their questions and comments.

18. Ms Emily LAU asked if the Administration would install on-line real time tracking system to monitor the disposal of construction waste and reduce illegal dumping and whether the Administration had a timetable for the implementation of producer's responsibility schemes for different products (such as plastic containers, packing materials, batteries, etc.).

19. SEN said that delivery of construction waste from public works projects to disposal sites was subject to stringent monitoring. New legislation had also been introduced to step up control on illegal dumping activities. The Administration was liaising with the relevant trades on other measures to facilitate proper disposal of construction waste. SEN replied that the Administration would complete the review on the further extension of the producer's responsibility scheme to other recyclables in two years' time, according to the "Hong Kong: Blueprint for Sustainable Use of Resources 2013-2022" ("the Action Blueprint"). The Administration would first implement the producer responsibility scheme for waste electrical and electronic equipment, and then for incombustible material such as glass.

Reduction of construction waste

20. Mr CHAN Chi-chuen asked whether the Administration had any policy or specific plans to reduce the amount of construction waste from public works programmes.

21. AD(EI) explained that there were internal requirements for works departments to justify the amount of construction waste estimated to be generated from each public works project and to minimize generation of construction waste for each project. AD(EI) further advised that it would be difficult to introduce a single indicator to measure the effectiveness of construction waste reduction measures as the nature of public works projects varied.

22. The Chairman commented that questions related to that reduction of construction waste had been repeated many times and he reminded members not to repeat their comments.

23. Mr LEUNG Kwok-hung asked why the Administration did not extend the producer responsibility scheme to cover construction waste and why the Administration did not construct more refuse transfer stations to reduce the volume of waste to be disposed of in landfills.

24. SEN said that with the implementation of quantity-based charging scheme for construction waste, about 95% of construction waste had already

been recovered and recycled as fill materials etc. The Administration would review the charging levels and other measures to facilitate the management of construction and other waste.

25. The Chairman reminded members again not to repeat their questions.

South East New Territories landfill extension

Closure date for the SENT landfill

26. Mr Ronny TONG said that TKO residents expected that there would be a definite closure date for the SENT landfill, but the Administration had repeatedly extended its scale. The local residents had lodged complaints on the environmental problems associated with the operation of the SENT landfill, but to no avail, and they had not seen the effects of the improvement measures undertaken by the Administration. Mr TONG further pointed out that the proposed refuse transfer station ("RTS") in Southeast Kowloon was not yet commissioned. He commented that it would not be fair to Tseung Kwan O ("TKO") residents if the Committee approved the SENT landfill extension proposal and then, in a few years' time, the Administration again sought further extension due to the ineffectiveness of the waste reduction measures.

27. Mr Ronny TONG suggested that the Administration should resubmit the funding proposal in one year's time subject to whether the various improvement measures were demonstrated to be effective and whether the proposed Southeast Kowloon RTS was in operation.

28. SEN reiterated that there was a pressing need to press ahead with the proposed landfill extension and the development of IWMF phase 1. Any delay in the extension of the three landfills would disrupt the current waste management services and would affect environmental hygiene and public health. The Administration had amended the relevant legislation to restrict the material disposed of at the SENT landfill to construction waste. He maintained that the amendment would alleviate the odour problem. AD(EI) supplemented that the sites for additional RTSs were being identified, and, when the additional RTSs were put into operation, municipal solid waste generated in the east side of the territory could be delivered there for transfer to landfill.

29. Mr LEE Cheuk-yan commented that TKO residents had reasonable expectation that the SENT landfill would not be further extended. Mr LEE questioned whether the proposed extension in the SENT landfill was absolutely necessary if more effective waste reduction measures were implemented.

30. SEN reiterated that all the three existing landfills needed to be extended to cater for future waste management needs.

31. Mr Frederick FUNG noted that the Administration forecast that the SENT landfill would be exhausted in 2015 and the proposed extension, if approved, would be put into operation in 2017. Mr FUNG criticized the Administration's reluctance to make a commitment that the SENT landfill would stop receiving waste between 2015 and 2017. He asked whether the extended SENT landfill would be closed in 2023 when the extended portion was exhausted.

32. Principal Environmental Protection Officer (Landfills and Development) advised that the actual tenure of the SENT landfill depended on the amount of construction waste being disposed of, which was variable, and that the landfill could be exhausted earlier or later than the forecast period.

33. The Chairman commented that members' questions had been repetitive, and he reminded members not to repeat their questions as they were already affecting the progress of the Committee.

Tendering and construction cost issues

34. Mr NG Leung-sing enquired whether the contractor and operators responsible for the SENT landfill extension works and the operation of the landfill would necessarily be the specific companies as identified by Mr Gary FAN. Mr NG further enquired about the annual operating cost and the period of depreciation of the SENT landfill, and whether the charges for disposal of construction waste would be increased by stages.

35. DDEP(2) responded that there was rigorous procedures in the selection of contractor and operator in the procurement process. AD(EI) advised that the recurrent annual operating cost was about \$200 million. When SENT landfill began to accept construction waste only, the operating cost could be reduced by \$22 million each year. The period of depreciation was around 25 years. The Administration would review the charging levels and might adjust the charges for the use of the SENT landfill from time to time.

36. In response to Mr NG Leung-sing, AD(EI) undertook to provide information on the trend rate of change in the prices of public sector building and construction output for the past ten years.

[*Post meeting note:* The requested information provided by the Administration was issued to members vide LC Paper No. FC60/14-15(01) on 27 November 2014.]

Air quality in the vicinity of the SENT landfill

37. Mr Frederick FUNG noted the significant difference in the concentration of fine suspended particulates ("PM2.5") at Wan Po Road between the measurements taken by the Administration on the rooftop of Tai Chik Sha Fire Station in TKO and those taken by the local residents. Mr FUNG queried whether the Administration's methodology to measure PM2.5 at rooftop was appropriate and he asked if the Administration would conduct roadside measurement along Wan Po Road.

38. SEN said that the Administration measured the PM2.5 concentration at Wan Po Road in accordance with established internationally accredited methods, and which had been confirmed to be a proper approach to measure PM2.5 by local environmental experts.

39. Mr Frederick FUNG expressed concern about the large number of days during September 2013 and September 2014 when the 24-hour average PM2.5 levels in TKO had exceeded the World Health Organization standards as reported in a document issued by the Environmental Protection Department ("EPD") to the Sai Kung District Council. Mr FUNG queried why the Administration considered the air quality situation in TKO acceptable.

40. AD(EI) said that the high PM2.5 levels days were attributed to climatic factors that affected the whole Pearl River Delta region and was not restricted to Sai Kung or TKO. The PM2.5 as measured in TKO was about average amongst other air quality monitoring ("AQM") stations in Hong Kong.

41. The Chairman again reminded Mr Frederick FUNG not to keep on repeating his questions and comments.

42. Mr Frederick FUNG asked about the progress in setting up an AQM station in TKO, and whether dedicated monitoring device would be installed to monitor air quality at Wan Po Road. Mr FUNG also asked if the cost of setting up the monitoring station was included in the cost estimate of the IWMF phase 1 proposal.

43. AD(EI) said that a site in TKO had been selected for provision of an AQM station for monitoring the general air quality in the whole of Sai Kung District. The station was expected to be completed in 2015 and the associated

construction cost was unrelated to the concerned project estimate. She added that it was not a standard practice to install device to monitor the air quality of a small area such as a particular road.

44. In response to Mr Frederick FUNG, AD(EI) undertook to provide further information on the location of the AQM station in TKO.

[Post meeting note: The requested information provided by the Administration was issued to members vide LC Paper No. FC60/14-15(01) on 27 November 2014.]

West New Territories landfill extension

45. Mr Albert HO expressed concern about public hygiene problems, including the nuisance of flies, arising from the operation of the West New Territories ("WENT") landfill and asked if the proposed consultancy study would cover these issues. Mr LEUNG Yiu-chung asked how long the fly tapes had been installed and when the recent count was made to assess the pest problem in the landfill.

46. AD(EI) said that EPD had set up nine monitoring points, and set up fly tapes to detect if any, the extent of fly problem at the WENT landfill. She said that the condition was considered satisfactory.

47. AD(EI) added that fly tapes had been installed since March 2014 and counting of the number of flies was made every day.

Integrated Waste Management Facilities phase 1

48. Dr KWOK Ka-ki commented that while there would be a prior sorting or separation process in IWMF, some of the material not suitable for incineration would still be mixed with the other waste and fed into the incinerator. Mr Gary FAN asked why the Administration did not introduce legislation to make it mandatory that certain types of material had to be disposed of in IWMFs.

49. SEN said that the IWMF operation was consistent with international good practice. Assistant Director (Nature Conservation and Infrastructure Planning) ("AD(NC&IP)") advised that even in European countries, there was no mandatory waste separation legislation for incinerators, although the European Union's directives mentioned the types of materials that were suitable to be treated by incineration. DDEP(2) added that enabling legislation would be introduced to implement some of the measures outlined in the Action

Blueprint, such as the producer responsibility schemes. When the relevant legislation was effective, producers would be required to handle certain materials used in their products and such materials would not be allowed to be disposed of at landfills or IWMF.

50. Dr Kenneth CHAN noted that the Administration had been asked to provide compensation for the fishery community affected by the reclamation in connection with the construction of IWMF phase 1. He asked whether compensation associated with the implementation of IWMF phase 1 was reflected in the cost implications, and whether the level of compensation or ex-gratia payment was acceptable to the affected fishermen and related sectors. Dr CHAN also asked how the Administration would handle any additional demand from stakeholders after the works of IWMF phase 1 had commenced.

51. AD(NC&IP) advised that under the existing policy, ex-gratia allowance might be granted to fishermen and mariculturists affected by marine works projects in Hong Kong waters. He referred members to paragraph 33 of the paper (FCR(2014-15)34A) for details in relation to the IWMF phase 1 project. AD(NC&IP) added that the Administration would also set up an interdepartmental working group to follow up on further requests from stakeholders during the construction of IWMF phase 1.

52. Mr Albert CHAN referred to the Administration's document and queried that the proposed IWMF phase 1 would produce much more than carbon monoxide and carbon dioxide than similar facilities in Shenzhen.

53. SEN responded that the operation of IWMF phase 1 complied with the good practice of similar facilities in other countries.

Motion to adjourn further proceedings of the Committee

54. Mr Albert CHAN moved, without notice, a motion pursuant to paragraph 39 of the FC Procedure that further proceedings of the Committee should be then adjourned.

55. The Chairman thereupon put the question on Mr Albert CHAN's motion and directed that members, when speaking on the question, should only speak once and their speeches should be limited to three minutes.

56. At the invitation of the Chairman, Mr Albert CHAN introduced his motion. He said that there were problems with the planning and design of IWMF phase 1, and that the meeting should be adjourned to allow the Administration to reconsider the project.

57. Mr Gary FAN, Mr LEE Cheuk-yan, Mr Frederick FUNG, Dr Fernando CHEUNG, Mr Alan LEONG, Ms Emily LAU, Mr CHAN Chi-chuen and Mr LEUNG Kwok-hung spoke in favour of the motion. In gist, these members argued that the Administration should improve the measures and performance of source-separation of waste and should increase the recycling rate before embarking in the IWMF phase 1 project. The Administration should reshuffle the agenda item to allow more pressing items affecting people's livelihood to be given priority for the Committee's prior deliberation. Some members commented that the Administration should make a clear commitment on the time that the landfills would be closed or on reducing the scale of the landfill extensions.

58. As the meeting was approaching the scheduled ending time, the Chairman said that the debate on Mr Albert CHAN's motion should resume at the next meeting scheduled for the day.

59. The meeting was adjourned at 5:15 pm.

Legislative Council Secretariat
12 May 2015