

**Speaking Note of
Secretary for the Environment
for the Special Meeting of the Finance Committee (Environment)
to be held on 30 March 2015 at 11:10 a.m.**

Chairman,

I would like to brief Members on the part of the Estimates relating to the Environment Bureau (ENB) and our major policies in the new financial year.

Allocation of More Resources

2. The Government has been allocating more resources to environmental protection, and puts emphasis on better air quality, cleaner sea water and better management of solid waste, to enhance the quality of living of our community. In this financial year, the total allocation of ENB and departments under my portfolio is about \$16.4 billion, which is about 8% or \$1.2 billion more than the revised estimate for 2014-15.

3. Of the total allocation of \$16.4 billion, recurrent expenditure accounts for about \$7.4 billion, up about \$900 million or 14% from the revised estimate for 2014-15. The additional allocation is mainly for meeting the increase in operation fees of various waste treatment facilities and sewage treatment facilities, implementing the waste diversion plan to complement the designation of South East New Territories (SENT) Landfill to receive construction waste only in the future, expanding the recycling network services including the operation of Community Green Stations (CGSs) and glass bottle recycling, preparing for the future Municipal Solid Waste (MSW) Charging scheme, as well as carrying out energy audit and implementing initiatives on energy efficiency. There will be a net increase of 26 posts in ENB and the Environmental Protection

Department (EPD) in 2015-16.

4. The provision in 2015-16 for non-recurrent expenditure, capital account and cash flow for projects under Capital Works Reserve Fund is about \$9 billion, representing a net increase of \$330 million or 4% over the revised estimate for 2014-15. The increase is mainly for continuing the ex-gratia payment scheme to phase out pre-Euro IV diesel commercial vehicles and to meet the increased cash flow requirements of some capital works projects, including the organic waste treatment facilities (OWTF) phase 1.

5. I will now give a brief outline of the work priorities of ENB in the coming year.

Improving Air Quality

6. One of our priorities is to improve roadside air quality. We continue to adopt an incentive-cum-regulatory scheme to phase out progressively some 82 000 pre-Euro IV diesel commercial vehicles (DCVs) by end of 2019. Since the launch of the scheme, the response has been very encouraging. Up till now, about 23 600 pre-Euro IV DCVs (i.e. about 29% of the eligible vehicles) were retired under the scheme, with an approved ex-gratia payment of \$2.89 billion. Since September 2014, we have deployed roadside remote sensing equipment to monitor the petrol and liquefied petroleum gas vehicles with excessive exhaust emissions. Up till now, we have monitored about 270 000 vehicles and issued about 1 700 Emission Testing Notices to vehicle owners.

7. As Electric vehicles (EVs) have no tailpipe emissions, replacing conventional vehicles with EVs can help improve roadside air quality and reduce greenhouse gas emissions. In promoting the use of EVs, waiving the First Registration Tax for EVs has been

extended until end March 2017. We have been working closely with the private sector in expanding the EV charging infrastructure. There are now more than 1 100 EV chargers for public use in Hong Kong. With the government's efforts of promotion, the number of EVs has increased significantly. Now there are over 1 800 EVs compared with less than 100 in end 2010.

8. As for franchised buses, we will continue to work with the franchised bus companies to retrofit about 1 400 Euro II and III franchised buses with selective catalytic reduction devices to reduce the emissions from buses, and conduct the trial of hybrid buses and electric buses. We will set up low emission zones at the three busy corridors in Causeway Bay, Central and Mong Kok where the franchised bus companies can only deploy low emission franchised buses.

9. In addition, we have also put much effort in reducing emissions from ocean-going vessels and non-road mobile machinery. I thank the LegCo's support in approving the new regulation for non-road mobile machinery this February. In this month, we have tabled another new regulation to the LegCo to mandate ocean-going vessels to switch to low sulphur content (0.05%) fuel while at berth. The emissions of sulphur dioxides, respirable suspended particulates and nitrogen oxides in Hong Kong can be reduced after implementation of these regulations.

10. EPD launched the Cleaner Production Partnership Programme (the Programme) in collaboration with the Economic and Information Commission of Guangdong Province in April 2008. The current Programme will be completed by March 2015. In light of the environmental benefits brought by the Programme and positive feedback from the industries, we have earmarked \$150 million to extend the Programme for five years to 2020 to continue to provide

funding support for participating factories to carry out cleaner production projects as well as to strengthen technology promotion and publicity activities. Moreover, we will work with Guangdong to enhance regional air quality, including to review the progress in meeting the 2015 emission reduction targets and finalise the 2020 emission reduction targets.

Improving Victoria Harbour Water Quality

11. Upon commissioning of Stage 2A of the Harbour Area Treatment Scheme this year, all sewage from both sides of Victoria Harbour will be collected for treatment at the Stonecutters Island Sewage Treatment Works. The water quality of the main water body of Victoria Harbour will then improve further. We are also seeking funding approval from the LegCo to carry out a study on enhancing the quality of urban coastal waters, to investigate the specific causes of near shore pollution for identifying further mitigation measures to improve the environment, and the leisure and recreational value of the coastal areas of Victoria Harbour in the long run. Also, relevant bureaux and departments would cooperate to identify suitable locations both within and outside Victoria Harbour to promote a water-friendly culture in Hong Kong.

Energy

12. To conserve energy and combat the negative effects of climate change, the Government has been leading by example by reducing electricity use. Building on our success in implementing the electricity saving target in 2009, we have set a new target of 5% saving in electricity consumption for government buildings in the coming five years. Energy audits will be conducted for major government buildings to help bureaux and departments identify opportunities for electricity saving measures and projects on the basis

of the energy audit reports.

13. Since the current Scheme of Control Agreements will expire in 2018, we have conducted a review on the future development of the electricity market and the regulatory framework, and will soon launch a public consultation. We have already considered the submissions received on the public consultation on future fuel mix for electricity generation in conducting the review on the future development of the electricity market. When we consult the public on the latter, we will also announce the outcome of the fuel mix public consultation and the way forward.

Waste Management

14. ENB is progressively taking forward various initiatives as committed under the “Blueprint for Sustainable Use of Resources” and is making good progress. In respect of waste reduction at source, we will actively pursue the preparatory work for the implementation of quantity-based MSW charging following the directions recommended by the Council for Sustainable Development, as the framework proposal we presented to the Panel on Environmental Affairs (EAP) in February 2015. In order to meet manpower needs for the preparatory work, we have obtained support from the EAP for seeking approval from the LegCo to create two time-limited directorate posts for three years. We urge for members’ support to the proposal when it is submitted to the Establishment Subcommittee and the Finance Committee.

15. On the other hand, we will progressively implement producer responsibility schemes (PRSs). In addition to the full implementation of plastic shopping bag charging on 1 April 2015, we have introduced legislative proposals into the LegCo in mid March 2015 for the implementation of mandatory PRS on waste electrical

and electronic equipment. We are also preparing legislative proposals on mandatory PRS on glass beverage bottles, which are expected to be introduced into the LegCo within this year. To pave way for MSW charging, we are progressively developing CGSs in all 18 districts to enhance environmental education and support the collection of recyclables at the community level. The first CGS in Sha Tin will start providing service soon.

16. To further reduce food waste generation at source, we will step up our efforts to promote the Food Wise Hong Kong Campaign and also launch the "Food Wise Eateries" scheme to encourage the catering industry to provide portion menu.

17. Promotion of waste recycling always plays a crucial role in overall waste management strategies. The Government has earmarked \$1 billion for setting up Recycling Fund with a view to promoting the sustainable development of recycling industry. In July 2014, the Government consulted and received support from the EAP on the proposal to set up the Recycling Fund. The proposal is now pending for the consideration of the Finance Committee. The Recycling Fund will be launched soon after we obtain the LegCo's funding approval.

18. On developing waste recycling and treatment infrastructure, the first phase of OWTF is anticipated to be commissioned in 2017. We will also complete the engineering feasibility study for the second phase of OWTF in 2015. Meanwhile, we will take forward the implementation of the extension of the SENT and North East New Territories landfills, and carry out the design and investigation study on the West New Territories landfill extension scheme. On turning waste into energy, we will proceed with the pre-qualification and tendering process for the first phase of the integrated waste treatment facilities (IWTF) for handling 3 000 tonnes of MSW per

day using advanced incineration technologies. Furthermore, the sludge treatment facility will become operational in the first half of this year. It enables treatment of sludge by advanced incineration technologies meeting the European Union's emission standards. Moreover, we will commission a study to develop a territory-wide long term plan for waste treatment and transfer facilities.

Nature Conservation

19. We are formulating the first Biodiversity Strategy and Action Plan for Hong Kong with a view to stepping up conservation efforts and supporting the sustainable development of Hong Kong in the next five years.

Conclusion

20. Chairman, the Government has spared no efforts in protecting the environment and building a liveable city by promoting a "Use Less, Waste Less, Energy Saving and Low Carbon" lifestyle. We look forward to joining hands with different sectors of the community and the LegCo to meet the environmental challenges of Hong Kong together.

21. Chairman, together with my colleagues, I would be pleased to answer Members' questions.

Environment Bureau
March 2015