

**Speaking Note of
Secretary for the Environment
for the Special Meeting of the Finance Committee (Environment)
to be held on 6 April 2016 at 9:00 a.m.**

Chairman,

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

2. In the 2016-17 financial year, the Environment Bureau (ENB) and departments under my portfolio are allocated with about \$13.9 billion. Of the total allocation, recurrent expenditure accounts for about \$7.8 billion, up \$760 million or 11% from the revised estimate for 2015-16. The additional allocation is mainly for taking forward various initiatives including formulation of the Municipal Solid Waste Charging scheme, implementing the waste diversion plan, operation of community green stations, enhancing public charging facilities for electric vehicles, enhancing the enforcement of the Gas Safety Ordinance in the vehicle repair and maintenance industry, implementing initiatives in relation to energy efficiency, implementing the first Biodiversity Strategy and Action Plan (BSAP) for Hong Kong, handling additional quantity of public fill, and meeting the increase in operation fees of various waste facilities and sewage treatment facilities. As regards the number of posts, there will be a net

increase of 38 posts in the ENB and the Environmental Protection Department (EPD) in 2016-17.

3. In addition, provision for projects under Capital Works Reserve Fund, non-recurrent expenditure and capital account in 2016-17 is about \$6.1 billion, representing a net decrease of \$1.7 billion or 22% over the revised estimate for 2015-16. Among the works projects under the Capital Works Reserve Fund, there will be an increase in cash flow of nearly \$400 million for the “Organic Waste Treatment Facilities phase 1”, and an additional provision of \$165 million for the new project “Upgrading of San Wai sewage treatment works – phase 1”. As regards non-recurrent project items, there will be an increase in cash flow of about \$70 million for “Recycling Fund”. The overall reduction in provision is mainly due to our anticipated reduction in the applications for non-recurrent project of “Ex-gratia payment for phasing out pre-Euro IV diesel commercial vehicles” as compared with the last financial year, as well as the decreased cash flow requirements of some capital works projects.

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

5. First of all, to improve air quality, we will continue to phase out progressively pre-Euro IV diesel commercial vehicles (DCVs) subsidise the franchised bus companies to retrofit Euro II and III franchised buses with selective catalytic reduction devices and conduct the trial of hybrid buses

and electric single-deck buses. We will also monitor the implementation of the franchised bus low emission zones.

6. Meanwhile, we will commence the review of the Air Quality Objectives (AQOs) in this year. We are enhancing the electric vehicle (EV) charging network and promoting the use of EVs in the public transport sector. In addition, we will organise an international competition this year to encourage relevant sectors to explore ways to make good use of the retired EV batteries.

7. On regional collaboration, we are working with the Ministry of Transport and Guangdong authorities to set up a marine emission control area (ECA) in the Pearl River Delta region with a view to reducing emissions from ocean-going vessels (OGVs).

8. To enhance the water quality of Victoria Harbour, we will continue to monitor the operation of Stage 2A of the Harbour Area Treatment Scheme (HATS) and assess the extent of improvement in the water quality of Victoria Harbour. We also commenced a two-year consultancy study in January 2016 to investigate the specific causes of near shore pollution for identifying further mitigation measures to improve the environment, and enhance the leisure and amenity value of the coastal areas of Victoria Harbour in the long run.

9. As regards energy, the current Scheme of Control Agreements

(SCAs) signed between the Government and the two power companies will expire in 2018. Having considered the views received during the Public Consultation on the Future Development of the Electricity Market conducted in 2015, we have commenced discussion with the power companies on new SCAs with a view to improving the terms.

10. The ENB has been working with the Electrical and Mechanical Services Department (EMSD) to enhance the energy efficiency of buildings, including the implementation of the revised Building Energy Code. We will also introduce legislative amendments to extend the scope of the Mandatory Energy Efficiency Labelling Scheme to cover five more types of electrical appliances such as televisions and electric storage water heaters. The ENB will continue to promote the Charter on External Lighting to minimise the problems of light nuisance and energy wastage caused by external lighting.

11. To combat climate change, the government launched the “Hong Kong Climate Change Report 2015” in November 2015 which outlines the efforts of the government and the private sector in responding to climate change. The Chief Secretary for Administration will chair an inter-departmental committee to steer and co-ordinate the work on climate change, including setting a post-2020 carbon reduction target and formulating mitigation, adaption and resilience policies and measures accordingly.

12. On strengthening waste management, ENB is taking forward various initiatives as committed under the *Hong Kong: Blueprint for Sustainable Use of Resources* to mobilize the community to reduce waste at source and promote waste reuse and recovery. We will strive to get ready the legislative proposals for MSW charging as soon as practicable within the 2016/17 legislation session. As regards producer responsibility schemes (PRSs), the Legislative Council passed the bill for the regulatory framework of the PRS on waste electrical and electronic equipment (WEEE). We will continue to take forward other preparatory measures, including the construction of the WEEE treatment and recycling facility and drafting the necessary subsidiary legislation. The Bills Committee of the LegCo has also completed scrutiny of the legislative proposal in respect of the PRS on glass beverage containers, and the resumption of second reading debate will be arranged later. We completed a review of Construction Waste Disposal Charging Scheme. We plan to introduce the legislative proposals to raise the construction waste disposal charges as soon as practicable within this legislative session. We will also closely monitor the implementation of the \$1 billion Recycling Fund and facilitate the recycling industry to enhance operational capacities and efficiency. We will also strengthen food waste reduction at source and step up efforts to promote the Food Wise Hong Kong Campaign as committed under *A Food Waste and Yard Waste Plan for Hong Kong*.

13. Furthermore, we have been progressively developing Community Green Stations (CGSs) to enhance environmental education and

facilitate the recycling of recyclables with lower value.

14. On developing waste recycling and treatment infrastructure, the first phase of Organic Waste Treatment Facilities (OWTF) is under construction and anticipated to be commissioned in 2017. The tendering of the second phase of OWTF and the first phase of the integrated waste treatment facilities (IWTF) will soon commence. To meet Hong Kong's sustainable development needs up to 2041, we commenced a study for planning of future waste management and transfer facilities. \$1 billion "Restored Landfill Revitalisation Funding Scheme" is now open for application.

15. As regards nature conservation, we will initiate the legislative procedures as soon as possible to ban the import and export of elephant hunting trophies and actively explore other appropriate measures including enacting legislation to further ban the import and export of ivory and phase out local ivory trade, and imposing heavier penalties on smuggling and illegal trading of endangered species. We are now consulting the public on the formulation of the first Biodiversity Strategy and Action Plan (BSAP) for Hong Kong. Subject to the outcome of the public consultation, we would finalise the BSAP as soon as practicable.

16. Chairman, we will step up our work in environmental protection in different aspects and engage various stakeholders to combat climate change and build a low-carbon Hong Kong.

17. Thank you, Chairman.

Environment Bureau

April 2016