

立法會
Legislative Council

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(These minutes have been
seen by the Administration)

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Finance Committee of the Legislative Council

Minutes of the 23rd meeting
held at Conference Room 1 of the Legislative Council Complex
on Friday, 31 May 2019, at 4:02 pm

Members present:

Hon CHAN Kin-por, GBS, JP (Chairman)
Hon CHAN Chun-ying, JP (Deputy Chairman)
Hon James TO Kun-sun
Hon LEUNG Yiu-chung
Hon Abraham SHEK Lai-him, GBS, JP
Hon Tommy CHEUNG Yu-yan, GBS, JP
Prof Hon Joseph LEE Kok-long, SBS, JP
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon WONG Ting-kwong, GBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon CHAN Hak-kan, BBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon WONG Kwok-kin, SBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Claudia MO
Hon Michael TIEN Puk-sun, BBS, JP
Hon Steven HO Chun-yin, BBS
Hon Frankie YICK Chi-ming, SBS, JP
Hon WU Chi-wai, MH
Hon YIU Si-wing, BBS
Hon MA Fung-kwok, SBS, JP

Hon CHAN Chi-chuen
Hon CHAN Han-pan, BBS, JP
Hon LEUNG Che-cheung, SBS, MH, JP
Hon Kenneth LEUNG
Hon Alice MAK Mei-kuen, BBS, JP
Dr Hon KWOK Ka-ki
Hon KWOK Wai-keung, JP
Hon Dennis KWOK Wing-hang
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, BBS, JP
Hon Martin LIAO Cheung-kong, SBS, JP
Hon POON Siu-ping, BBS, MH
Dr Hon CHIANG Lai-wan, SBS, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon CHUNG Kwok-pan
Hon Alvin YEUNG
Hon CHU Hoi-dick
Hon Jimmy NG Wing-ka, JP
Dr Hon Junius HO Kwan-yiu, JP
Hon HO Kai-ming
Hon LAM Cheuk-ting
Hon Holden CHOW Ho-ding
Hon SHIU Ka-fai
Hon Wilson OR Chong-shing, MH
Hon YUNG Hoi-yan
Dr Hon Pierre CHAN
Hon CHEUNG Kwok-kwan, JP
Hon HUI Chi-fung
Hon LUK Chung-hung, JP
Hon LAU Kwok-fan, MH
Hon Kenneth LAU Ip-keung, BBS, MH, JP
Dr Hon CHENG Chung-tai
Hon KWONG Chun-yu
Hon Jeremy TAM Man-ho
Hon Gary FAN Kwok-wai
Hon AU Nok-hin
Hon Vincent CHENG Wing-shun, MH
Hon Tony TSE Wai-chuen, BBS
Hon CHAN Hoi-yan

Members absent:

Hon Charles Peter MOK, JP
Hon Andrew WAN Siu-kin
Hon SHIU Ka-chun
Hon Tanya CHAN

Public officers attending:

Ms Alice LAU Yim, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Ms Kinnie WONG	Acting Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Mr Mike CHENG Wai-man	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Dr CHOI Yuk-lin, JP	Under Secretary for Education
Mrs HONG CHAN Tsui-wah	Deputy Secretary for Education (5)
Ms Wendy AU Wan-sze	Principal Assistant Secretary for Education (Education Infrastructure)
Dr SO Kwok-sang	Secretary General of Hong Kong Examinations and Assessment Authority
Mr TSE Chin-wan, BBS, JP	Under Secretary for the Environment
Mrs Vicki KWOK WONG Wing-ki, JP	Deputy Director of Environmental Protection (2)
Mr Michael LUI Hok-leung	Principal Environmental Protection Officer (Biomass Management Facilities), Environmental Protection Department

Clerk in attendance:

Ms Anita SIT	Assistant Secretary General 1
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Staff in attendance:

Miss Bowie LAM	Council Secretary (1)1
Miss Queenie LAM	Senior Legislative Assistant (1)2

Mr Frankie WOO
Miss Mandy POON

Senior Legislative Assistant (1)3
Legislative Assistant (1)1

Action

(Owing to the temporary absence of the Chairman, the Deputy Chairman called the meeting to order and presided over the meeting.)

The Deputy Chairman reminded members of the requirements under Rule 83A and Rule 84 of the Rules of Procedure. He also declared that he was an advisor of the Bank of China (Hong Kong) Limited.

Item 1 — FCR(2019-20)17

HEAD 156 — GOVERNMENT SECRETARIAT: EDUCATION BUREAU

Subhead 700 — General non-recurrent

New Item — "Payment of examination fees for school candidates sitting for the 2020 Hong Kong Diploma of Secondary Education Examination"

2. The Deputy Chairman advised that this item sought the Finance Committee's ("FC") approval for a new commitment of \$160 million for payment of examination fees for school candidates sitting for the 2020 Hong Kong Diploma of Secondary Education Examination ("HKDSE").

3. At the invitation of the Deputy Chairman, Mr IP Kin-yuen, Chairman of the Panel on Education ("the Panel") briefed members on the Panel's deliberations on the funding proposal at the meeting on 29 March 2019. He said that the Panel supported the item and passed two motions at the meeting on 3 May 2019 to strongly urge the Administration to make the examination fee payment arrangement a recurrent measure, and provide an additional fee subsidy to private candidates who entered for HKDSE again within one year after they had taken the examination for the first time. The Administration's response to the motions had been issued to Panel members vide LC Paper No. CB(4)852/18-19(01).

Regularization of the examination fee waiver

4. Mr IP Kin-yuen urged the Administration to respond proactively to the motions passed by the Panel to regularize the examination fee waiver

for HKDSE candidates by subsuming the fee payment for candidates under the Government's 15-year free education. He considered that regularization of the examination fee waiver, which was provided as a one-off measure in both the 2018-2019 Budget and the 2019-2020 Budget, could obviate the need of repeated scrutiny of such similar items by the Legislative Council, and also facilitate effective operation of The Hong Kong Examinations and Assessment Authority ("HKEAA"). Mr KWONG Chun-yu, Ms Claudia MO, Mr CHAN Chi-chuen, Mr AU Nok-hin, Mr LEUNG Yiu-chung and Mr CHU Hoi-dick shared similar views. Mr LEUNG and Mr CHU remarked that HKEAA could continue to determine and charge other examination fees and assessment service fees under its jurisdiction notwithstanding the regularization of the HKDSE fee waiver.

5. Ms Claudia MO considered that the fee waiver should be regularized as it involved a relatively small amount in the light of the \$90.6 billion recurrent expenditure on education in 2019-2020. Mr CHAN Chi-chuen asked about the stance of the Education Bureau ("EDB") on the suggestion of making HKDSE fee waiver a recurrent measure. Mr LEUNG Yiu-chung saw no reason why HKEAA would object the regularization of the fee waiver as it would help minimize its administrative cost. Mr Jeremy TAM said that whether the examination fee payment was borne by the Government or the candidates would have no financial impact on HKEAA.

6. The Under Secretary for Education ("US for E") responded that:

- (a) regularization of HKDSE fee waiver would involve a number of important and complicated policy issues relating to the operation mode and financial structure of HKEAA, which was an independent statutory body operating on a self-financing basis under the Hong Kong Examinations and Assessment Authority Ordinance (Cap. 261) ("HKEAA Ordinance");
- (b) the suggestion would be considered in the comprehensive review on the operation mode and financial structure of HKEAA in the long-term. EDB envisaged that the review would come up with concrete proposals in about two years' time for consultation with members and stakeholders with a view to completing the review in a further two-year period; and
- (c) the \$160 million non-recurrent HKDSE fee payment to HKEAA for 2020 HKDSE candidates was a relief measure

under the 2019-2020 Budget, while the granting of a non-recurrent funding of \$360.8 million to HKEAA in four years was a tide-over measure to ensure its effective operation pending the outcome of the aforesaid review.

7. Mr IP Kin-yuen, Mr KWONG Chun-yu, Ms Claudia MO and Mr Jeremy TAM expressed concern about the four-year period required for the completion of the review on HKEAA. Mr IP Kin-yuen appreciated the need for a comprehensive study to review the self-financing structure of HKEAA which was unsustainable due to a declining candidature, but considered that EDB should, meanwhile, set out the fee level with HKEAA and proceed with the regularization of examination fee payment taking into account all the cost factors. Mr Jeremy TAM said that as the Government's current payment arrangement for HKEAA did not contravene the regulatory framework under the HKEAA Ordinance, EDB could proceed with the regularization of the payment in tandem with the review. Mr CHU Hoi-dick said that the Government could consider providing a one-off four-year non-recurrent commitment to pay for candidates' HKDSE fees in the 2020-2021 Budget proposal pending the outcome of the review.

8. In response, US for E reiterated that the provision of examination fee payment for HKDSE candidates as a recurrent measure would be considered in the comprehensive review covering the statutory role of HKEAA, its mode of operation, financial management and long-term sustainability.

9. Mr SHIU Ka-fai did not object to the current proposal but cautioned that the Administration should give careful consideration to the suggestion of regularizing the examination fee waiver in the long-term, as there was no guarantee of a fiscal surplus in all financial years. US for E responded that a one-off measure to pay the 2020 HKDSE fees for candidates was proposed having considered that a long-term commitment might involve complex policy and legal issues.

10. In respect of the Government's proposed one-off non-recurrent payment arrangement for HKEAA, Mr CHU Hoi-dick asked whether there was any precedent of similar payment arrangement for other self-financing statutory bodies. Mr CHU remarked that there might be better options of financial arrangements for HKEAA to benefit students.

11. Permanent Secretary for Financial Services and the Treasury (Treasury) advised that concessionary measures proposed in the 2019-2020 Budget were worked out with the respective policy bureaux after taking into account the financial implications and feasibility of the measures and

their consistency with the policy objectives of the relevant bureaux. The current proposal was to make a one-off HKDSE fee payment to HKEAA on behalf of school students sitting for the examination in 2020. A similar one-off measure was announced in the previous Budget.

12. Mr Jeremy TAM asked why the proposed \$160 million commitment for payment of 2020 HKDSE fees was lower than the commitment for the 2019 HKDSE fee payment (viz. \$170 million). US for E explained that the estimated payment had taken into account the examination fee adjustment and the size of candidature which varied each year. The estimated payment covered contingency in case of extra payment. The actual expenditure for fee payment of 2019 HKDSE was around \$148 million.

Subsidy for private candidates

13. Mr KWONG Chun-yu, Ms Claudia MO, Mr CHAN Chi-chuen, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr WU Chi-wai and Ms Starry LEE called on EDB to provide HKDSE examination fee subsidy to private candidates who entered for HKDSE again within one year after they had taken the examination for the first time as it was unfair to exclude them from the examination fee relief measure. Ms LEE expressed disappointment that no concrete measures were taken by the Administration to follow up on the motions passed by the Panel twice in 2018 and 2019 calling on the Government to cover private candidates in the one-off relief measure. She urged EDB to implement measures to support private candidates.

14. US for E said that:

- (a) the scope of the HKDSE fee relief measure covered school candidates only, including first time candidates and school repeaters. Given that there were tens of thousands HKDSE candidates each year, there was a concern that extending the measure to private candidates might lead to a substantial increase of candidature;
- (b) confining the scope of application of the fee relief measure to school candidates would help provide a stable examination environment in the interests of the candidates as some school candidates and their parents had expressed concern about possible abuse of the fee waiver by private candidates; and

- (c) the Administration fully acknowledged the hard work of private candidates and supported continuous learning. Non-school learners with learning aspirations could receive financial support from the Continuing Education Fund provided by the Government.

In response to Dr Fernando CHEUNG, US for E clarified that HKDSE fees were not on the reimbursable list of the Continuing Education Fund.

15. Dr Fernando CHEUNG queried the alleged claim that the inclusion of private candidates in the one-off relief measure would make it susceptible to abuse. Dr CHEUNG and Mr WU Chi-wai asked whether there was any assessment on the possible increase of private candidates and their impact on examination arrangement should they be covered in the relief measure. Mr WU Chi-wai was of the view that given the prevailing decline in candidature for HKDSE in recent years, HKEAA should have the capacity to cope with an increase in non-school candidature, if any. In case there was any foreseeable impact, EDB should implement measures to allay the worries. Mr WU asked about the expenditure of HKEAA on examination administration in relation to the decline in candidature.

16. US for E reiterated that in deciding the scope of application of the HKDSE fee waiver measure, the primary considerations were the interests of school candidates and the need to ensure smooth operation of examination arrangements. She advised that:

- (a) an increase in the number of candidates would require additional resources in respect of examination administration to cover additional costs for HKEAA staff, examination personnel (including invigilators, markers and oral examiners), and venue management; and
- (b) while private candidates used to register for Chinese Language and English Language subjects (which covered reading, writing, listening and integrated skills and oral speaking) in Category A, there was a concern of possible disruption to examination administration in case of a high non-attendance rate of such candidates. The presence of an increased participation of private candidates, such as in the case of oral speaking examinations, might cause anxiety to school candidates. That said, it was difficult to quantify the impact of covering private candidates in the fee waiver.

In response, Mr WU Chi-wai suggested that EDB could consider providing partial subsidy for private candidates excluding the subjects of oral speaking to allay worries.

17. Mr Jeremy TAM noted that there had been concern of school candidates worrying that an increase of private candidates sitting for HKDSE might affect their grading. Mr TAM and Mr WU Chi-wai sought clarification as to the possible impact on the grading mechanism of HKDSE should there be an increase of private candidates.

18. US for E and Secretary General of Hong Kong Examinations and Assessment Authority ("SG/HKEAA") advised that standards-referenced reporting was adopted for HKDSE, where assessment of first-time school candidates would not be compared to or affected by the performance of other candidates taking the same examination. As such, school candidates' examination grading would not be affected whether or not there would be an increase of non-school candidature. In response to Mr IP Kin-yuen, SG/HKEAA clarified that pursuant to the commencement of HKDSE in 2012, standards-referenced reporting was adopted for HKDSE. Mr Jeremy TAM remarked that EDB should be mindful to clarify the above to the community to avoid misunderstanding.

Operation of Hong Kong Examinations and Assessment Authority

19. Mr Gary FAN asked whether there was any assessment of the financial position of HKEAA and what concrete measures would be taken to reduce its expenditure, such as controlling the staff costs, in particular the remuneration of the top level management personnel. Mr FAN further asked whether the aforesaid review would cover issues relating to the high salary costs of the management personnel and the streamlining of examination administration. He also sought explanation for the need to take four years to complete the HKEAA review. Mr KWONG Chun-yu noted that the HKDSE fees had increased by 4% in 2018-2019. Mr KWONG and Mr AU Nok-hin said that the Administration should formulate measures to ensure HKEAA's financial sustainability in the long-term.

20. US for E and SG/HKEAA advised that:

- (a) the 4% fee increase in 2018-2019 was not to recover the full cost of HKDSE. The increased operating expenditure of HKEAA was attributable to a number of factors including, among others, changes in examination format and provision of special examination arrangements ("SEA") for candidates with special educational needs ("SENs"). Most of the

expenditure of HKEAA involved fixed costs which did not go down in spite of a decline in HKDSE candidature; and

- (b) the financial problem of HKEAA was attributable to the decline of HKDSE candidature, its operational mode and financial structure, etc. instead of a lone factor. All income and expenditure items would be examined in the review including staff costs and the examination format. HKEAA had an established mechanism under which the remuneration structure of the management personnel was subject to assessment by consultants every three years by reference to the market rate. The next salary review was scheduled for 2020.

21. Dr KWOK Ka-ki expressed concern about the complex examination format for the subjects of English Language, Chinese Language and Liberal Studies. Dr KWOK considered that the burden of these mandatory subjects had contributed to the diminishing number of candidates taking elective subjects such as Physics, Chemistry and Biology. Dr KWOK remarked on the need to review the school curriculum so as to streamline the examination format and reduce the burden of candidates. In response, US for E said that the review on HKDSE and its examination format was underway, and Members would be consulted on the recommendations once ready.

22. Mr AU Nok-hin noted an increase of staff cost from \$114.9 million in 2012-2013 to \$155.1 million in 2017-2018, while the HKDSE candidature dropped from around 82 000 in 2012-2013 to 59 000 in 2017-2018. Mr AU also noted that SEA-related costs increased by twofold from \$7.2 million (1 595 SEN candidates) in 2013-2014 to \$14.7 million (2 666 SEN candidates) in 2017-2018. Mr AU asked whether HKEAA would need to pay for using secondary school venues for HKDSE. As he understood, the relevant guidelines had stipulated free use of school venues for public examinations.

23. US for E and SG/HKEAA advised that:

- (a) SEAs had become more complex to suit the specific needs of individual candidates with SEN of which the number was increasing. Expenditure incurred for SEAs covered, among others, extended examination hours, special question paper design and special venue arrangements for examinations; and

- (b) while schools did not charge for the use of school premises for HKDSE per se, expenditure was required to cover the operating costs during the examination weeks at school premises which included, among others, school air conditioning, security, venue set up and other miscellaneous items.

24. Considering that it was financially not viable for HKEAA to operate as a self-financing body, Dr KWOK Ka-ki and Mr LEUNG Yiu-chung remarked that the financial structure of HKEAA should be reformed to enable it to become a statutory body operating under recurrent Government funding similar to the Hospital Authority. Mr LEUNG suggested that HKEAA could charge a higher fee for non-local candidates as a means to increase income. US for E reiterated that the Administration would consider Members' views taking into consideration the statutory status of HKEAA as an independent self-financing body under the HKEAA Ordinance. There was no prescribed framework in taking forward the review at present.

Motions proposed by members under paragraph 37A of the Finance Committee Procedure

25. At 5:56 pm, FC started to vote on whether the motions proposed by members under paragraph 37A of the Finance Committee Procedure ("FCP 37A motions") should be proceeded with forthwith. The Deputy Chairman put to vote the questions, one by one, that these FCP37A motions should be proceeded with forthwith. At the request of members, the Deputy Chairman ordered a division on each question. Immediately after the Deputy Chairman announced that FC decided against proceeding with the first FCP 37A motion proposed by Mr Gary FAN, Mr Steven HO moved without notice a motion under paragraph 47 of the Finance Committee Procedure that in the event of further divisions being claimed in respect of any motions or questions under the same agenda item, FC should proceed to each of such divisions immediately after the division bell had been rung for one minute. At the request of members, the Deputy Chairman ordered a division, and the motion was carried.

26. The voting results on the questions on proceeding with the proposed FCP37A motions were as follows:

Member proposing the motion	Serial numbers of motion	Motion be proceeded with forthwith
Mr Gary FAN	<u>0001</u>	<u>No</u>
Mr CHAN Chi-chuen	<u>0002</u>	<u>No</u>

Voting on FCR(2019-20)17

27. At 6:10 pm, the Deputy Chairman put item FCR(2019-20)17 to vote. At the request of members, the Deputy Chairman ordered a division. The Deputy Chairman declared that 44 members voted in favour of and no member voted against the item, and abstained from voting. The votes of individual members were as follows:

For:

Mr Tommy CHEUNG
Mr WONG Ting-kwong
Mr WONG Kwok-kin
Mr Steven HO
Mr WU Chi-wai
Mr MA Fung-kwok
Mr CHAN Han-pan
Mr Kenneth LEUNG
Mr KWOK Wai-keung
Dr Fernando CHEUNG
Mr IP Kin-yuen
Mr POON Siu-ping
Mr Alvin YEUNG
Dr Junius HO
Mr LAM Cheuk-ting
Mr SHIU Ka-fai
Ms YUNG Hoi-yan
Mr LUK Chung-hung
Dr CHENG Chung-tai
Mr Jeremy TAM
Mr AU Nok-hin
Mr Tony TSE
(44 members)

Prof Joseph LEE
Dr Priscilla LEUNG
Mrs Regina IP
Mr Frankie YICK
Mr YIU Si-wing
Mr CHAN Chi-chuen
Mr LEUNG Che-cheung
Ms Alice MAK
Mr Christopher CHEUNG
Dr Helena WONG
Dr Elizabeth QUAT
Ir Dr LO Wai-kwok
Mr CHU Hoi-dick
Mr HO Kai-ming
Mr Holden CHOW
Mr Wilson OR
Mr HUI Chi-fung
Mr LAU Kwok-fan
Mr KWONG Chun-yu
Mr Gary FAN
Mr Vincent CHENG
Ms CHAN Hoi-yan

28. The Deputy Chairman declared that the item was approved.

29. At 6:11 pm, the Deputy Chairman directed that the meeting be suspended. The meeting resumed at 6:21 pm, the Chairman presided over the meeting.

Item 2 — FCR(2019-20)4

**RECOMMENDATION OF THE PUBLIC WORKS
SUBCOMMITTEE MADE ON 20 MARCH 2019**

PWSC(2018-19)32

HEAD 705 — CIVIL ENGINEERING

Environmental Protection — Refuse Disposal

173DR — Organic Resources Recovery Centre Phase 2

30. The Chairman advised that this item sought FC's approval for the recommendation made by the Public Works Subcommittee ("PWSC") on 20 March 2019 regarding PWSC(2018-19)32 for the upgrading of 173DR - Organic Resources Recovery Centre Phase 2 ("ORRC2") to Category A at an estimated cost of \$2,453 million in money-of the-day prices. PWSC had spent 5 hours 43 minutes on scrutinizing the above proposal. The Administration had provided a number of information papers.

31. The Chairman declared that he was an independent non-executive director of The Bank of East Asia and a senior advisor of Well Link Insurance Group Holdings Limited.

Production, demand, and usage of compost

32. Referring to the supplementary information paper (LC Paper No. FC186/18-19(01)) provided by the Administration, Mr AU Nok-hin expressed concern that the total annual production of 16 500 tonnes of compost from the Organic Resources Recovery Centre Phase 1 ("O • PARK1") (6 500 tonnes) and ORRC2(10 000 tonnes) altogether had fallen short of the annual compost demand of 32 000 tonnes in Hong Kong. Mr AU asked about the details of the use of the 640 tonnes compost from O • PARK1 for landscaping of the infrastructure projects.

33. Under Secretary for the Environment ("USEN") advised that, of the annual demand of 32 000 tonnes of compost, 3 000 tonnes (around 10%) was for agricultural use, while the rest (90%) was for landscaping purpose. Apart from the compost from O • PARK1 and ORRC2, the Environmental Protection Department had been making use of the yard waste (around 60 000 tonnes each year), which could be converted into mulch and bio-charcoal, to meet the demand from the landscaping sector for such biomass as a soil conditioner. The 640 tonnes of compost from O • PARK1 were mainly used for landscaping for road works upon completion. The compost mixed with plant soil could improve the soil quality.

34. Mr AU Nok-hin further asked:

- (a) whether the compost produced had obtained accreditation from the organic certification organizations for agricultural use; and
- (b) whether the trial use of the organic compost by farmers would be arranged prior to consigning the compost for sale at the stores of the Federation of Vegetable Marketing Co-operative Societies Ltd. ("FVMCS").

35. USEN and Deputy Director of Environmental Protection(2) advised that:

- (a) according to the test results of the laboratory accredited by the Hong Kong Laboratory Accreditation Scheme, the compost from O • PARK1 had already met the requirements for landscaping use. The composting process was still being adjusted. With the adjustment, it was expected that the quality of compost would be enhanced to meet the requirements for agricultural use by the end of 2019; and
- (b) under the O • PARK1's contract, 10% of the compost produced belonged to the Government, which would be distributed to farmers, schools, government departments and community groups for free, whilst the remaining compost produced belonged to the contractor who could put it up for sale. To facilitate the purchase of the compost by the farmers, the compost would be consigned at the FVMCS for sale.

36. Mr Tommy CHEUNG noted that around 10 000 tonnes of compost could be produced annually by ORRC2 by treating 300 tonnes of food waste daily. Mr CHEUNG asked about the market value of the compost produced and requested the Administration to provide in writing, an estimate of the cost of the relevant facilities and the revenue to be generated, if the compost was to be converted to energy through combustion for sale. Mr CHEUNG expressed doubt about the cost effectiveness of the construction of the ORRC2 composting system of which facilities were provided for the storage of compost prior to sale.

[*Post-meeting note:* The supplementary information provided by the Administration was issued to members vide LC Paper No. FC196/18-19(01) on 11 June 2019.]

37. Principal Environmental Protection Officer (Biomass Management Facilities), Environmental Protection Department advised that the market value of compost would be around several hundred dollars to \$1,000 per tonne. USEN added that while it was possible for the compost to be converted to energy as a biofuel, it would require modification of the existing power plants or other incineration facilities to use this biofuel.

Food waste treatment capacity

38. Mr Gary FAN noted that by 2022, with the operation of O • PARK1 and ORRC2 as well as the "food waste/sewage sludge anaerobic co-digestion" trial schemes at the Sewage Treatment Works ("STW") in Tai Po and Sha Tin, a food waste treatment capacity of 600 tonnes per day (200 tonnes or one third for domestic food waste) could be provided, with a view to increasing the capacity to around 1 800 tonnes per day (i.e. 50% of about 3 600 tonnes of daily food waste in the territory as at 2017) by mid-2030s subject to the development of other planned food waste treatment facilities including other ORRCs and co-digestion schemes. As Hong Kong was a highly urbanized city and it was likely that solid waste would continue to rise, Mr FAN asked whether there was any estimate on the increase in food waste generation in the territory by mid-2030s; and what measures would be taken to sustain the capacity of food waste treatment at 50% of the daily food waste generation territory-wide.

39. USEN advised that based on the experience of other cities, with the implementation of the Food Wise Hong Kong Campaign and other publicity and education work to promote food waste reduction at source, as well as the Municipal Solid Waste Charging Scheme, in tandem with the construction of food waste treatment facilities, the amount of food waste would likely be kept under control. The estimated food waste treatment capacity of 1 800 tonnes per day by mid-2030s had taken into account the operation of O • PARK1, ORRC2, ORRC3, and the launching of the "food waste/sewage sludge anaerobic co-digestion" schemes in the STWs in Tai Po, Sha Tin, Yuen Long and Hung Shui Kiu. The Administration would continue to identify suitable sites for the construction of the remaining ORRCs and further enhance the "food waste/sludge anaerobic co-digestion" schemes to cater for variations to the food waste generation (if any) in future.

40. Mr HUI Chi-fung expressed concern as to whether the waste treatment capacity of the ORRCs and that of the "food waste/sewage sludge anaerobic co-digestion" schemes at the STWs in Tai Po, Sha Tin and Yuen Long would be sufficient to cope with the need of the territory. Noting that space had been reserved for future construction of co-digestion facilities for sludge and food waste in the proposed upgrading of the Yuen Long Sewage Treatment Works, Mr HUI enquired about the relevant details and timetable of the implementation of the "food waste/sewage sludge anaerobic co-digestion" scheme in the STW in Yuen Long. Mr HUI asked how the Administration would assess the effectiveness of the "food waste/sewage sludge anaerobic co-digestion" scheme in respect of food waste recycling for sustainable use of resources as stated in the Government blueprint.

41. USEN reiterated that pursuant to the operation of O • PARK1, and the commissioning of ORRC2 and the "food waste/sewage sludge anaerobic co-digestion" trial schemes at the STWs in Tai Po and Sha Tin, the Administration targeted to reach a food waste treatment capacity of 600 tonnes per day by 2022, with a view to increasing the capacity to around 900 tonnes per day by 2026 with the commissioning of ORRC3, which would be sufficient to cover the food waste generated from the commercial and industrial sector while providing one third of its capacity for recycling of domestic food waste. Upon the success of the "food waste/sewage sludge anaerobic co-digestion" trial schemes, the co-digestion scheme would be extended to STWs in Tai Po, Yuen Long and Hung Shui Kiu, which together would provide an additional food waste treatment capacity of 900 tonnes per day. Hence, by mid 2030s, Hong Kong should have 1 800 tonnes of treatment capacity to underpin the territory-wide food waste collection service. USEN advised that the effectiveness of the "food waste/sewage sludge anaerobic co-digestion" process hinged on the cultivation of suitable micro-organisms in the anaerobic digestion tanks and identification of the optimum ratio of food waste to sewage sludge in the treatment process. The design work and the relevant details related to the implementation of the "food waste/sewage sludge anaerobic co-digestion" scheme in the Yuen Long STW would be sorted out having regard to the progress and results of the trial schemes in the STWs in Tai Po and Sha Tin.

Collection of domestic food waste

42. Mr WU Chi-wai said that the experience gathered from the pilot scheme for food waste recycling to be launched at public rental housing estates would serve as a good reference for the future implementation of the Municipal Solid Waste Charging Scheme. Mr WU sought information about the targets of the pilot scheme in respect of the ratio of food waste to

be collected for recycling, the relevant arrangements such as collection of dry and wet waste from households, and progress of the pilot scheme.

43. USEN advised that:

- (a) a total of 16 public rental housing estates were invited to participate in the free food waste collection pilot scheme scheduled for commencement in early 2020. A list of these estates was provided in LC Paper No. PWSC178/18-19(01); and
- (b) in respect of the mode of food waste collection, the plan was to install enclosed or automatic equipment operated by smart cards at suitable locations in the housing estates to collect food waste in a hygienic manner; whereby the smart cards with data of the estate households could record the quantity of food waste collected from them. Enclosed tankers for food waste delivery would be used to prevent odour nuisance and leakage of leachate. Dry and wet waste separation would be tried out in the pilot scheme.

Project management

44. Mr CHAN Chi-chuen asked:

- (a) whether the main reason for the delay of O•PARK1 was due to the changes in the partnership of the contractor, or the additional works to fulfil the requirements of the Fire Services Department ("FSD"); and
- (b) whether the five bidders for ORRC2 were all joint-venture companies; and whether partners of the O • PARK1 contractor who had withdrawn earlier could bid for ORRC2, if so, whether the tender assessment would take into account the bidders' past performance.

45. USEN advised that:

- (a) the construction of O • PARK1 was the first of its kind as there was no precedent case in Hong Kong for the construction of an organic resources recovery centre for producing biogas convertible to energy. The delay was mainly due to the additional time to meet the requirements of FSD which involved changes of the construction design.

Taking into account the experience of O • PARK1, there would be better time control for the ORRC2 project which was of a comparatively larger scale and required a longer period for construction; and

- (b) majority of the five bidders for ORRC2 were joint-ventures, as the Design-Build-and-Operate contract required the contractor to engage a wide spectrum of experience and technical specialities. The tender assessment had been carried out objectively without bias, taking into consideration the capability and experience of the bidders. A summary of the marking scheme for ORRC2 was provided in LC Paper No. CB(1)142/18-19(02).

46. The meeting ended at 7:01 pm.

Legislative Council Secretariat
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