

**Speaking Notes for Secretary for the Environment, Transport and Works**  
**Special Meeting of the Finance Committee**  
**29 March 2004**  
**(Environment and Transport Portfolio)**

Chairman,

I am delighted to attend the special meeting of the Finance Committee today to brief Members on the part of the 2004-05 Estimates which relates to the environment and transport portfolio.

2. First of all, I would like to brief you on the “Environmental Protection and Conservation” policy area. The allocation for this policy area in the 2004-05 financial year is about \$6.1 billion, representing an increase of \$54 million or 2.9% in real terms over the revised estimate for last year. The operating expenditure is about \$4.4 billion which is some \$79 million more than the revised estimate for last year, representing an increase of 3.6% in real terms. The increase is mainly due to the commissioning of the new Siu Ho Wan Sewage Treatment Plant and the Shatin Sewage Treatment Plant expansion works. We expect that with likely improvements in our economy in 2004-05, the quantity of our waste will increase. We have therefore made additional provisions under the operating expenditure for contract payments in respect of the operation of waste treatment facilities to cater for the increase in waste volume. The additional commitment is partly offset by deletion of posts under the Manpower Plan as well as the 2004 and 2005 civil service pay cuts. In 2004-05, there will be a net reduction of 27 posts in the Environmental Protection Department. Our capital expenditure for the new financial year

stands at around \$1.7 billion.

3. Now, I would like to briefly outline our key objectives and focuses of work. Improving air quality remains one of our priority areas. Apart from the comprehensive programme we have been implementing since 1999 to reduce motor vehicle emissions, the Hong Kong Special Administrative Region Government and Guangdong Provincial Government formulated the “Regional Air Quality Management Plan” in late December 2003. The purpose of this plan is to coordinate the improvement of air quality in the Pearl River Delta region. Measures to be implemented in Hong Kong primarily include: enhancing the vapour recovery system at petrol filling stations to reduce emissions of volatile organic compounds; reducing emissions of volatile organic compounds from printing operations, paints and consumer products; and reducing emissions of sulphur dioxide, nitrogen oxide and particulates from power plants. We will also draw up in collaboration with the Guangdong Provincial Government details of the Emissions Trading Pilot Scheme in the coming three years.

4. Waste reduction and recycling have always been the focus of our waste management programme. Following rounds of consultation with the stakeholders and as a result revisions to our proposal, we submitted in last December to the Legislative Council the Waste Disposal (Amendment) (No.2) Bill 2003 on the proposed scheme to levy charges on the disposal of construction and demolition waste at landfills, sorting facilities and public fill reception facilities. The aim of the proposed scheme is to urge waste producers to reduce construction waste and carry out sorting of such waste.

We also propose to strengthen control against illegal disposal of waste through the Bill. We hope that Members will support and approve the Bill within the current legislative session, so that we can make preparations for implementation of the scheme in 2005.

5. The Government has always abided by the “Polluter Pays” principle. We believe that environmental protection and sustainable development can be promoted by effective financial means without prejudice to the free market mechanism. As mentioned by the Financial Secretary in his Budget Speech, we will review in the coming year those tax and fee concessions which run counter to the above principle, and consider if they should be adjusted. We look forward to receiving comments from Members and the community on this subject.

6. Meanwhile, we are pursuing a feasibility study on the implementation of a product responsibility scheme for waste tyres in accordance with the “Polluter Pays” principle. A regulatory impact assessment study on the scheme was launched in last October. The study will take a holistic look at the various options in terms of their cost, effectiveness and impact on the industry and stakeholders with a view to identifying the most desirable option. The Study is expected to be completed around mid-2004 and we will then consult the industry and relevant parties on the recommended option.

7. Turning to the policy area of Transport, the allocation in the 2004-05 financial year is about \$12.9 billion, representing an increase of

\$3.012 billion or 33.5% in real terms over the revised estimate for last year.

8. Of the total allocation, the operating expenditure is about \$3.0 billion, which is some \$66 million more than the revised estimate for last year and represents an increase of 4.3% in real terms. The increase in allocation for operating expenditure will be mainly used to meet the additional maintenance need and electricity demand arising from the commissioning of new highways and public transport interchanges. The additional commitment in operating expenditure is partly offset by deletion of posts under the Manpower Plan as well as the 2004 and 2005 civil service pay cuts. In 2004-05, there will be a net reduction of 39 and 34 posts in Transport Department and Highways Department respectively.

9. The provision for capital expenditure in 2004-05 is around \$9.9 billion, which is about \$2.946 billion more than the revised estimate for last year and represents an increase of 45.8% in real terms. The additional allocation is for funding the various capital works projects such as the Hong Kong – Shenzhen Western Corridor, Deep Bay Link and Route 8.

10. I will now outline the priority areas under the Transport portfolio in the coming year:

- (i) We will spearhead and implement the various infrastructure projects with a view to enhancing our link with the Pearl River Delta region. This includes the construction of the Hong Kong – Shenzhen Western Corridor, Sheung Shui to Lok Ma

Chau Spur Line, the new vehicular bridge connecting Huanggang and Lok Ma Chau and the new vehicular bridge in Sha Tau Kok, the modification of the Tuen Mun Ferry Pier for the operation of cross-boundary ferry services and the completion of the feasibility study for the Hong Kong – Zhuhai – Macao Bridge;

- (ii) On local transport, we will implement the various priority railway projects such as the Shatin to Central Link and the Kowloon Southern Link, and will explore jointly with the MTR Corporation Limited the West Hong Kong Island Line and South Hong Kong Island Line projects. We will also continue to implement the various highways projects under construction, including Deep Bay Link and Route 8;
- (iii) In addition, we will facilitate the negotiations between the two railway corporations on the possible merger to be concluded by end August. We will continue to consult the public transport operators on the formulation of a more objective and transparent fare adjustment mechanism for public transport services, and continue to monitor the service level of public transport services and improve the coordination of these services.

11. Chairman, I, together with the Permanent Secretaries and Head of Works Departments, would be pleased to answer Members' questions on

this part of the Estimates.

Environment, Transport and Works Bureau  
29 March 2004