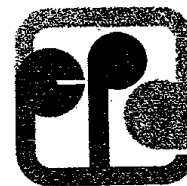


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環境保護署署長  
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一百三十號  
修頓中心廿八樓

9 December 2003

(BY FAX 25371204)

Clerk to Public Accounts Committee  
Legislative Council  
Legislative Council Building  
8 Jackson Road  
Central  
Hong Kong  
(Attn: Ms Dora WAI)

Dear Ms Wai,

***The Director of Audit's Report on the  
results of value for money audits (Report No. 41)***

***Chapter 8: The acquisition and clearance of shipyard sites***

I refer to your letter of 3 December 2003, seeking further information in connection of the above chapter. I would like to provide the response as follows:

***(a) whether the EPD had detected any signs of contamination, e.g. Dioxin contamination, during the investigation of the above-mentioned complaints;***

EPD inspected the site following the two complaints in 1995 & 1999 against open burning in the Penny's Bay (PB) shipyard site occupied by the then Cheoy Lee Shipyard (CLS). No actual burning activity was observed during the inspections. Other than some remains of ashes on the ground surface, there were no signs of land contamination detected during the inspections. It should be noted that while dioxins can be formed by any combustion process (e.g. even cigarette smoking) there was no reason to believe any significant quantities of dioxins would have been formed on the site as there was no evidence that large quantities of plastics had been burned which could have given rise to dioxin contamination on a large scale.

Between December 1990 and April 2001 when the site was surrendered to Government, EPD also conducted regular inspections to the CLS to monitor the operation and the pollution situation of the shipyard. The site inspections of our staff did not reveal any leakages, spillage nor land contamination from the shipyard operation. We had no reason to believe that the CLS site would be any more contaminated than any other shipyard site.

***(b) during the site acquisition process, whether the EPD had alerted the relevant works department to any contamination, e.g. Dioxin contamination, on the site known to EPD.***

For the background information of the Committee, it should be noted that exchange of information of the key issues is part of the established procedures in an EIA process. In the conduct of the EIA studies for the PB shipyard site, CED was the project proponent and EPD the statutory Authority. There were different levels of inter-departmental coordination and monitoring of the progress and the findings of the EIA studies. EPD convened Environmental Study Management Group meetings to provide a forum for detailed discussion on the requirements for the EIA study brief, the methodology and the initial findings of the EIA study including the nature and extent of the contamination at the shipyard site, and liaison with the proponent department. Relevant authorities and works departments, including the District Lands Office attended the Group for detailed discussion. This was to ensure that a forum did exist to exchange information and to alert the relevant works departments of key issues related to the EIA process.

Three EIA studies had been conducted, namely, the Northshore Lantau Development Feasibility Study (NLDFS) EIA, the Theme Park EIA and the Decommissioning EIA for the PB shipyard site, all by the CED.

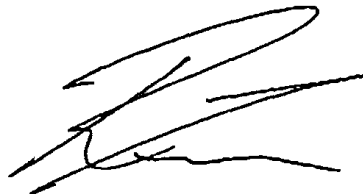
CED conducted the EIA for the NLDFS in 1998. In this EIA, CLS has been identified as the only industrial operation that has the potential to cause soil and groundwater contamination within the project area of the north Lantau development. The contaminations of concern were identified to be total petroleum hydrocarbon and metals. It highlighted the need for a separate subsequent EIA Study to examine the land contamination upon the decommissioning of the PB shipyard site. The Theme Park EIA conducted in 1999 / 2000 made due reference to this finding and required that a detailed EIA study should be carried out to investigate specifically the issue of contamination on the PB shipyard site. Subsequently, the Advisory Council on the Environment (ACE) endorsed the Theme Park EIA in April 2000 with a condition that no work should commence at the PB shipyard site until a separate EIA study for the

decommissioning of the site had been completed and an environmental permit issued.

During the site acquisition stage, which took place between mid-2000 and April 2001, land contamination at the shipyard site was well known to all parties concerned. CED commissioned the Theme Park EIA (Nov. 1999 to April 2000), and subsequently the Decommissioning EIA (April 2000 to April 2002) to determine the precise extent of the land contamination problem and recommend an appropriate remediation proposal to clean up the PB shipyard site.

In the case of dioxin contamination, the presence was revealed at a later stage after completing a comprehensive site investigation at the PB shipyard site. The consultant undertaking the Decommissioning EIA found that the soil was contaminated by dioxins, in addition to those contaminations of metals and petroleum hydrocarbon normally found at shipyard sites. The preliminary study report was made known to CED, EPD and other works departments in October 2001.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'R. J. Law', with a large, sweeping flourish above the name.

( Robert J S Law )  
Director of Environmental Protection