

For discussion
on 21 October 2005

**Legislative Council
Panel on Environmental Affairs**

**2005-06 Policy Agenda
Policy Initiatives of the Environment, Transport and Works Bureau**

Introduction

1. The 2005-06 Policy Agenda just issued lists the Government's new and on-going initiatives. This note elaborates on the initiatives affecting the environment portfolio of the Environment, Transport and Works Bureau in the 2005-06 Policy Agenda. The paper also gives an account of the position reached on the initiatives in the 2005 Policy Agenda.

2005-06 Policy Agenda

Environmentally Responsible Development

New Initiatives

2.1 **Initiative**

Propose a new regulation to control the volatile organic compound content of selected products.

A descriptive account of the initiative

We have reached a consensus with Guangdong to reduce emissions by 2010. In the case of volatile organic compounds (VOC), the target is to reduce emissions by 55%. The proposed regulation is needed for achieving that target. Subsequent to a consultation exercise in late 2004, four sub-working groups have been set up with relevant trade representatives. The exercise is near completion. We will report to the Panel on Environmental Affairs within this year with a view to introducing the regulation in 2006.

2.2 Initiative

Propose measures to strengthen the control of emissions from petrol and Liquefied Petroleum Gas (LPG) vehicles including the use of roadside remote sensing equipment and the use of dynamometers for emission testings.

A descriptive account of the initiative

Petrol and LPG vehicles emit hydrocarbons and nitrogen oxides which contribute to the regional smog problem. If not properly maintained, emissions from an individual vehicle can increase by more than four times. Remote sensing technology can help identify on-road petrol and LPG vehicles emitting excessive emissions which are due for repair. Furthermore, similar to diesel vehicles, dynamometer-based emission tests are more effective in checking whether the excessive emission problems of these vehicles have been fixed. We will work out a proposal and consult relevant parties on strengthening the control of emissions of petrol and LPG vehicles by these proven technologies.

2.3 Initiative

Tighten vehicle emission standards to Euro IV in 2006 in tandem with the European Union.

A descriptive account of the initiative

It is our established policy to adopt the most stringent vehicle emission and fuel standards which are practicable for Hong Kong. We have already introduced Euro IV fuel standard for diesel and petrol. With effect from 1 January 2006, the European Union will start tightening in phases the emissions standards for newly registered vehicles to Euro IV. The new standard can reduce emissions by 50%. Accordingly, we will introduce regulations in phases to tighten the local standards in tandem with the European Union. A set of proposed regulations to tighten the emission standards for light duty vehicles will be tabled at the Legislative Council on 19th October 2005. Regulations for tightening the emission standards for other vehicles will be introduced in 2006.

2.4 Initiative

Publish "A Road-map for the Management of Municipal Solid Waste in Hong Kong" to set out the proposed way forward to 2014. The discussion paper will focus on the core idea of using economic tools which enshrine the "Polluter-pays" Principle to induce behavioural changes to ultimately reduce waste. Initiatives in the paper will include introducing product responsibility legislation; implementing territory wide source separation of waste; making new economic activities on recycling feasible through the establishment of the EcoPark; developing long term plans for state-of-the-art large-scale waste treatment facilities; and introducing municipal solid waste charging. The

public will be invited to support the Road-map and endorse their expected share of contribution under the "Polluter-pays" Principle to enable the Government to go full steam ahead with the implementation of the initiatives.

A descriptive account of the initiative

The strategy document entitled "A Road-map for the Management of MSW (2005-2014)" will be published later this year. The MSW management strategy continues to adopt the waste hierarchy with specific targets for each of the three approaches as contained in the SD Strategy. These targets are -

- (a) Target 1 - Waste avoidance and minimization
To reduce the amount of MSW generated by 1% per annum up to the year 2014, based on the 2003 levels.
- (b) Target 2 - Waste Recovery, recycling and reuse
To increase the recovery rate of MSW to 45% by 2009 and 50% by 2014.
- (c) Target 3 - Bulk reduction and disposal of unavoidable waste
To reduce the total MSW disposed of in landfills to less than 25% by 2014.

The community will be invited to join hands with the Government in achieving these targets as mapped out in the Road-map through contributing to the various initiatives in accordance with the "Polluter-pays" Principle.

2.5 Initiative

Introduce legislation to control and regulate non-pesticide hazardous chemicals, including those covered in the Stockholm Convention on Persistent Organic Pollutants and the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade.

A descriptive account of the initiative

To better safeguard public health and the environment, we are working on legislation to control and regulate non-pesticide hazardous chemicals, including those covered in the Stockholm Convention on Persistent Organic Pollutants and the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade.

The Stockholm Convention is a global treaty to protect human health and the environment from the potentially harmful Persistent Organic Pollutants (POPs), which cover pesticides, industrial chemicals and unintentionally produced by-products. The Stockholm Convention became effective to the People's Republic of China (PRC) (including the HKSAR) on 11 November 2004.

The Rotterdam Convention aims to promote shared responsibility and cooperative efforts among the contracting parties in the international trade of certain hazardous chemicals and pesticides in order to protect human health and the environment from potential harm. The Rotterdam Convention has introduced a mandatory prior informed consent procedure to monitor and control the import and export of the chemicals and pesticides. The Rotterdam Convention became effective to the PRC on 20 June 2005. Upon enactment of the legislation, we will seek extension of the Rotterdam Convention to the HKSAR.

2.6 Initiative

Prepare a legislative proposal for the introduction of a mandatory energy efficiency labelling scheme to facilitate consumers to choose energy efficient electric appliances, taking into account the views expressed by the public and the trades during the three-month public consultation period.

A descriptive account of the initiative

The Electrical and Mechanical Services Department has been expanding its voluntary Energy Efficiency Labelling Scheme to cover increasingly more types of household appliances and office equipment over the years. The Scheme now covers sixteen types of household appliances and office equipment. For appliances with high label penetration rates (i.e. refrigerators, room coolers and compact fluorescent lamps), we propose to make energy efficiency label a mandatory requirement. The Government launched a public consultation on a proposed mandatory Energy Efficiency Labelling Scheme in July 2005. The objectives of the mandatory scheme are to facilitate consumers to choose energy efficient products and to increase public awareness on the importance of using more energy-efficient products. We will prepare new legislation for implementation of the mandatory scheme after taking into account comments received during the public consultation period.

On-going Initiatives

2.7 Initiative

Pursuing the phased implementation of Stage 2 of the Harbour Area Treatment Scheme (HATS) with the aim of completing Stage 2A by 2013-14, and advancing the provision of disinfection at the Stonecutters Island Sewage

Treatment Works to 2008-09, subject to the acceptance by the community of the need for the full recurrent costs to be recovered through the sewage services charging scheme. The timing for Stage 2B will be subject to further review at a later date.

A descriptive account of the initiative

Following completion of HATS Stage 1 at the end of 2001, and based on the public's support through the public consultation conducted in 2004, we are proceeding with the implementation of HATS Stage 2 in phases. The first phase, i.e. Stage 2A is to collect the remaining 25% of harbour area sewage not handled by Stage 1 and transfer it for centralized chemical treatment at the expanded Stonecutters Island Sewage Treatment Works, we aim to complete this phase by 2013-14. To provide early improvement in the water quality of the Tsuen Wan beaches, we plan to advance part of the Stage 2A disinfection facilities for commissioning in 2008-09. The second phase, i.e. Stage 2B, is to provide biological treatment for all the harbour area sewage to secure long term protection of harbour water quality. The timing for this depends upon trends in population, sewage flow build-up, and water quality, and its implementation timetable will be the subject of a review to be carried out in 2010-11.

The construction of both phases of Stage 2 will be dependent upon acceptance by the community of the need to fully recover the operational cost of sewage services through sewage charges. We are therefore concurrently reviewing the charging scheme in accordance with the "Polluter-pays" Principle, with a view to bringing forward proposals for changes, and for a programme for increasing the charges, in the first half of next year (see section 2.10 below).

2.8 Initiative

Drawing up an implementation plan for meeting the obligations under the Stockholm Convention on Persistent Organic Pollutants, with a view to submitting the plan to the Central Government in 2006.

A descriptive account of the initiative

Under the Stockholm Convention, the HKSAR is to develop an implementation plan which will form part of the PRC's National Implementation Plan to be submitted to the Conference of the Parties of the Stockholm Convention in late 2006. The implementation plan would include an initial assessment of the POPs emissions and levels in the HKSAR and the associated environmental and health risks, together with a package of actions to manage POPs as required by the Stockholm Convention.

2.9 Initiative

Monitoring the progress of the power companies in implementing pilot production-scale wind energy projects for public demonstration and evaluation purposes and promoting the wider application of renewable energy.

A descriptive account of the initiative

The power companies have made progress in setting up the pilot production-scale wind turbine for public demonstration and evaluation purposes.

The Hongkong Electric (HKE) has set up a production-scale wind turbine on Lamma Island. It is expected that HKE's wind turbine will be in operation in early 2006. The CLP Power has shortlisted two sites for year-round wind measurement. Decision on the final site for the production-scale wind turbine will be made taking into account the wind monitoring data. It is expected that the CLP Power's wind turbine project will be completed around 2007-08.

2.10 Initiative

Reviewing the existing sewage services charging scheme according to the "Polluter-pays" Principle with a view to achieving an equitable sharing of the funding responsibility in respect of the provision of sewage services.

A descriptive account of the initiative

The present sewage services charging scheme was introduced in 1995. Over the years, the Government has been subsidizing sewage services by meeting all the capital costs and by recovering only about 50% of the operating cost attributable to the Sewage Charge. In recent years, the Government has also been unable to achieve its target of recovering the full recurrent cost of providing sewage services to the 30 trades subject to the Trade Effluent Surcharge (TES). In order to uphold the Polluter-pays Principle therefore, the Government has decided that implementation of the next stage of the HATS should be dependent upon the full operating costs of sewage services being recovered through the Sewage Charge and TES. We are reviewing the scheme with a view to achieving an equitable sharing of the funding responsibility. Our target is to prepare a package of proposals for discussion by the end of the year, and to present proposals for increases in the overall charges to the Legislative Council in the first half of next year.

2.11 Initiative

Continuing to implement the “Polluter-pays” Principle. We will implement the disposal charging scheme for construction and demolition waste in December 2005. This will provide economic incentives to reduce such waste and carry out sorting to facilitate reuse or recycling.

A descriptive account of the initiative

The Waste Disposal (Amendment) Ordinance 2004 which enables the implementation of construction waste disposal charges was passed by the Legislative Council (LegCo) in July 2004. Two sets of subsidiary legislation setting out the implementation details of the construction waste disposal charging scheme were passed by the LegCo in early January 2005. The relevant commencement notices were published in the gazette on 16 September 2005. These gazette notices will be tabled at the first sitting of the LegCo in October 2005 for negative vetting. The construction waste disposal charging scheme will come into operation on 1 December 2005 and the processing of account applications by the Environmental Protection Department will also start on the same day. Applications of exemption account must be made on or before 22 December 2005. Charging for disposal of construction waste will start from 20 January 2006 and from this day, any person using waste disposal facilities for the disposal of construction waste needs to open an account. Dry-runs at landfills and public fill reception facilities commenced in July 2005 and August 2005 respectively. It is expected that the sorting plants will join the dry-run in mid October 2005. We will continue to liaise with all stakeholders in ensuring smooth implementation of the scheme.

2.12 Initiative

Continuing to make possible the reuse of inert construction and demolition materials outside Hong Kong. We signed the "Implementation Scheme on the management of cross-boundary marine dumping" and the "Implementation Scheme on Hong Kong disposal of inert construction and demolition materials in the Mainland" with the South Sea Branch of the State Oceanic Administration which stipulates the technical details of cross-boundary marine dumping and disposal of inert construction and demolition materials of Hong Kong in mainland waters on 15 June 2005. We will continue to work closely with the relevant authorities to reuse public fill in Mainland reclamation projects with the objective of letting out tenders by the end of 2005.

A descriptive account of the initiative

The implementation details for the delivery of reclamation material have been agreed with the Mainland authorities. We will launch the delivery as soon as the reclamation sites are finalized by the Mainland authorities.

2.13 Initiative

Continuing with the implementation of the Regional Air Quality Management Plan with the Guangdong Provincial Government including efforts to reduce the emission of four major air pollutants in the Pearl River Delta (PRD) to reach the agreed levels by 2010, through the retrofit programme of desulphurization plants, upgrading of vehicle standards (Euro III for Guangdong, Euro IV for HK), adoption of cleaner production technologies for industries and the introduction of a pilot emissions trading scheme among power plants in Hong Kong and Guangdong to optimise the use of resources in the reduction of air emissions under the same air shed. In 2005, we started the joint air monitoring project in PRD with the Guangdong Provincial Government, covering 16 stations.

A descriptive account of the initiative

The HKSARG and the Guangdong Provincial Government reached a consensus in April 2002 to reduce by 2010, on a best endeavour basis, the regional emissions of sulphur dioxide, nitrogen oxides, respirable suspended particulates and volatile organic compounds by 40%, 20%, 55% and 55% respectively, using 1997 as the base year. Achieving these targets will not only enable Hong Kong to meet its current Air Quality Objectives, but also significantly improve the air quality of the PRD region and relieve the regional smog problem.

In December 2003, the two governments jointly drew up the Pearl River Delta Regional Air Quality Management Plan (the “Management Plan”) with a view to meeting the above emission reduction targets. The Pearl River Delta Air Quality Management and Monitoring Special Panel was also set up under the Hong Kong-Guangdong Joint Working Group on Sustainable Development and Environmental Protection to follow up on the tasks under the Management Plan including retrofitting existing power plants with desulphurization facilities, upgrading of vehicle emission standards on both sides, reducing emissions from industrial processes and the introduction of a pilot emissions trading scheme among power plants in the region.

The PRD regional air-quality monitoring network established jointly by the two sides has passed the acceptance test. Both sides have agreed to make arrangements for reporting on a daily basis to the public the PRD Regional Air Quality Index from the fourth quarter this year, so that residents of both places would have more information about the region's air quality.

We are working jointly with Guangdong to develop the pilot emissions trading scheme for power plants. Details of the scheme are expected to be finalized in 2006 so that prospective power plants can identify their trading partners and draw up emissions trading agreements.

2.14 Initiative

Imposing caps on the total emissions of power companies and requiring them to maximize the use of natural gas in power generation.

A descriptive account of the initiative

The first set of emission caps have been imposed on Castle Peak Power Station upon its renewal since 1 August 2005. We will continue to stipulate emission caps upon the licence renewal of other power stations to ensure that their emissions will be reduced to the practical minimum. The caps will be tightened up progressively in accordance with the need to achieve the 2010 emission reduction targets under the 2002 consensus reached between Hong Kong and Guangdong.

On maximising the use of natural gas in power generation, the HKE has planned to commission its first combined-cycle gas turbine unit in mid-2006. To arrange new source of natural gas supply, the CLP Power has also started the planning and EIA work for its new liquefied natural gas receiving facility.

2.15 Initiative

Implementing an incentive scheme to encourage replacement of diesel light buses with LPG or electric light buses.

A descriptive account of the initiative

Since August 2002, we have been implementing an incentive scheme to encourage the early replacement of diesel light buses with LPG or electric ones. Under the scheme, a diesel public light bus (PLB) owner is entitled to a one-off grant of \$60,000 or \$80,000 for replacing his light bus with an LPG or an electric one. A diesel private light bus owner is entitled to exemption from first registration tax if he/she replaces his/her light bus with an LPG or electric one. Up to now, nearly 85% of newly registered PLBs run on LPG. About 50% (about 2,200) of the PLB fleet are LPG models.

2.16 Initiative

Implementing the programme to retrofit pre-Euro heavy diesel vehicles with catalysts through provision of financial assistance and introducing legislation to make the installation mandatory upon completion of the retrofit programme.

A descriptive account of the initiative

Diesel vehicles are the dominant source of street-level air pollution in Hong Kong. In particular, those pre-Euro diesel vehicles as first registered before April 1995 are more polluting than newer diesel vehicles that meet more stringent emission standards. To improve air quality at street level, we

completed an incentive programme to install particulate reduction devices on pre-Euro light diesel vehicles in 2001 and made the installation mandatory in December 2003.

We commenced in end-2002 and completed in end-2004 a similar installation programme for pre-Euro heavy diesel vehicles. About 97% (34,000) of the eligible vehicles have been installed with particulate reduction devices. There are about 2,800 pre-Euro heavy diesel vehicles, which for operational reasons need to keep their engines running while being stationary (such as concrete mixer vehicles). The retrofit work for these vehicles commenced in mid-2005 and will be completed by end-2005. We will make the devices mandatory for these vehicles after the completion of the installation programme.

2.17 Initiative

Overseeing the implementation of the pilot scheme on management agreement and Public-Private Partnership (PPP) promulgated under the New Nature Conservation Policy, with the objective of enhancing conservation of ecologically important habitats on private land.

A descriptive account of the initiative

Pursuant to the announcement of the New Nature Conservation Policy in November 2004, we launched a Pilot Scheme on two new conservation measures, namely management agreements and PPP, to enhance ecological values of the 12 priority conservation sites. The application period for the Pilot Scheme ended on 31 May 2005.

On 6 October 2005, the Environment and Conservation Fund Committee approved an allocation of \$4.6 million for the implementation of three pilot management agreement projects at Fung Yuen and Long Valley.

We have received six PPP proposals and an inter-departmental Task Force has been set up to examine the proposals. We will announce the selected PPP proposals to join the pilot scheme once our evaluation process is completed. We will work with the project proponents of selected projects closely, with a view to facilitating the early implementation of the pilot PPP projects.

We will oversee the implementation of the pilot projects and review the effectiveness of the pilot scheme in two to three years' time.

2005 Policy Agenda

Environmentally Responsible Development

New Initiatives

3.1 Initiative

Develop a programme for implementing HATS Stage 2 in the light of the outcome of the public consultation exercise on the way forward.

Progress Made/Present Position

It is an on-going initiative in the 2005-06 Policy Agenda. Please refer to paragraph 2.7 above.

3.2 Initiative

Draw up an action timetable for implementing the requirements of the Stockholm Convention concerning regulation of persistent organic pollutants.

Progress Made/Present Position

It is an on-going initiative in the 2005-06 Policy Agenda. Please refer to paragraph 2.8 above.

3.3 Initiative

Consult the public and the trades on a mandatory energy efficiency labelling scheme to facilitate consumers to choose energy efficient equipment.

Progress Made/Present Position

A public consultation document on a proposed mandatory energy efficiency labeling scheme was launched in July 2005 and a new initiative is included in the 2005-06 Policy Agenda. Please refer to paragraph 2.6 above.

3.4 Initiative

Review the existing sewage services charging scheme according to the “Polluter-pays” Principle with a view to achieving an equitable sharing of the funding responsibility in respect of the provision of sewage services.

Progress Made/Present Position

It is an on-going initiative in the 2005-06 Policy Agenda. Please refer to paragraph 2.10 above.

3.5 Initiative

Draw up measures to promote and facilitate the development of the recycling industry under the environmental industry policy.

Progress Made/Present Position

The availability of land is crucial for the successful development of the recycling industry. We will identify more land for exclusive bidding by recyclers. In addition, a site of 20 hectares in Tuen Mun Area 38 is being re-zoned for development as an EcoPark, which will provide long term land at affordable costs for the environmental and recycling industries. We plan to commission Phase I of EcoPark by end-2006. We will roll-out territory-wide waste recovery programmes to increase the amount of local recyclables recovered, and will introduce a legislative framework under which producer responsibility schemes with product specific measures can be introduced to ensure the recovery and recycling of the products concerned such as waste tyres. Please also refer to paragraph 2.4 above.

3.6 Initiative

Roll-out a territory-wide source separation campaign (based on the results of pilot schemes on separation of domestic waste) to encourage households to separate waste at source thereby improving recovery and reducing waste.

Progress Made/Present Position

A territory-wide campaign was launched in January 2005 to encourage all households to carry out source separation at home. Property management companies, Housing Department and Housing Society have been approached for support. At present, about 160 housing estates have signed up to participate in the source separation programme (representing about 350,000 households and a population of around 1,100,000). Our target for 2005 is 180 housing estates. 30 of the participating estates have achieved very encouraging results, with an overall 50% increase in the quantity of recyclables collected and a 3% reduction in the waste disposed of. Residents' organizations of private housing estates or property management companies acting on their behalf can apply for funding support from the Environment and Conservation Fund to partially subsidize the set-up cost of waste separation facilities on each building floor. Our aim is to enlist 80% of the local population to take part in the source separation programme by 2010. Please also refer to paragraph 2.4 above.

3.7 Initiative

Strengthen cooperation with Guangdong to improve the air quality of the PRD region. In 2005, we will start monitoring jointly the air quality of the region and discuss the introduction of further enhanced emission control measures.

Progress Made/Present Position

It is an on-going initiative in the 2005-06 Policy Agenda. Please refer to paragraph 2.13 above.

3.8 Initiative

Introduce a Product Responsibility Scheme (PRS) for waste tyres to provide an incentive for stakeholders to reuse or recycle waste tyres, thereby reducing the volume of tyres to be disposed of in landfills.

Progress Made/Present Position

We are preparing for the introduction of a legislative framework for introduction of PRS. We are discussing with the industry with a view to devising a workable PRS for tyres. We aim to commence stakeholder consultation on PRS for waste tyres in late 2005 and to implement the scheme in 2007. Please also refer to paragraph 2.4 above.

On-going Initiatives

3.9 Initiative

Encouraging the power companies to undertake pilot production-scale wind energy projects for public demonstration and evaluation purposes and continue to promote the wider application of renewable energy.

Progress Made/Present Position

It is an on-going initiative in the 2005-06 Policy Agenda. Please refer to paragraph 2.9 above.

3.10 Initiative

Identifying the viable technologies to be adopted with a view to developing state-of-the-art, cost-effective and environmentally friendly large-scale waste treatment facilities in Hong Kong. We will consult the public on the options to be adopted.

Progress Made/Present Position

We have conducted public engagement workshops to collect views from the public on the proposed facilities and the multi-technology approach. Feedback from the public were generally supportive of the development of state-of-the-art large scale waste treatment facilities, subject to a transparent monitoring and

communication mechanism. Please also refer to paragraph 2.4 above.

3.11 Initiative

Continuing to implement the “Polluter-pays” Principle. We will introduce a disposal charging scheme for construction and demolition waste. This will provide economic incentives to reduce such waste and carry out sorting to facilitate reuse or recycling.

Progress Made/Present Position

It is an on-going initiative in the 2005-06 Policy Agenda. Please refer to paragraph 2.11 above.

3.12 Initiative

Continuing to explore opportunities to reuse inert construction and demolition (C&D) materials outside Hong Kong. We signed a Cooperation Agreement on Cross-boundary Marine Dumping with the State Oceanic Administration on 31 March 2004 to provide a foundation for the accommodation of inert construction and demolition materials in Mainland waters. We will continue our collaboration with the construction industry and relevant authorities on the identification of land formation projects in the Mainland to reuse our inert materials.

Progress Made/Present Position

Please refer to paragraph 2.12 above.

3.13 Initiative

Working towards the implementation of the Regional Air Quality Management Plan with the Guangdong Provincial Government including studying the introduction of a pilot emissions trading scheme among power plants in Hong Kong and Guangdong to optimise the use of resources in the reduction of emissions in the same air shed to improve air quality in the PRD region.

Striving to reduce by 2010 the emission of four major air pollutants in the region by such levels as will enable Hong Kong to achieve the current Air Quality Objectives.

Progress Made/Present Position

It is an on-going initiative in the 2005-06 Policy Agenda. Please refer to paragraph 2.13 above.

3.14 Initiative

Implementing an incentive scheme to encourage replacement of diesel light buses with LPG or electric light buses.

Progress Made/Present Position

It is an on-going initiative in the 2005-06 Policy Agenda. Please refer to paragraph 2.15 above.

3.15 Initiative

Implementing the programme to retrofit pre-Euro heavy diesel vehicles with catalysts through provision of financial assistance and introducing legislation to make the installation mandatory upon completion of the retrofit programme.

Progress Made/Present Position

It is an on-going initiative in the 2005-06 Policy Agenda. Please refer to paragraph 2.16 above.

3.16 Initiative

Overseeing the implementation of the new nature conservation policy including a pilot scheme on the improvement proposals of management agreement and public-private partnership, with the objective of better achieving the nature conservation objective, in particular enhancing conservation of ecologically important habitats on private land.

Progress Made/Present Position

It is an on-going initiative in the 2005-06 Policy Agenda. Please refer to paragraph 2.17 above.

**Environment, Transport and Works Bureau
13 October 2005**