

Civic Party

Submission to Legco Environmental Affairs Panel

on 22nd January 2007

Subject: Harbour Area Treatment Scheme and Sewage Charges

Background

1. The planning for the Harbour Area Treatment Scheme (HATS) commenced as early as 1989 (previously called SSDS). It is disappointing that the government, after 18 years, has not yet shown full commitment to its early completion after many delays and numerous reviews.
2. The latest review by an International Review Panel (IRP) in 2000 recommended that the government implements the tertiary treatment process (biological treatment with nitrification) as soon as possible. The IRP did not recommend phased implementation for the tertiary treatment scheme.
3. The current government proposal to go ahead with Stage 2A is only to collect the rest of the untreated sewage around Victoria Harbour for chemically enhanced primary treatment (CEPT) and to disinfect with chlorination. This does not bring the treatment level up to biological treatment standard, which is what the IRP recommended.

Fallacies of Existing Policy

4. According to the water quality modeling commissioned by the government, water quality objectives in the harbour and surrounding waters, notably dissolved oxygen and ammonia level, will be exceeded by 2013 even if CEPT and disinfection are implemented. The government's suggestion to review the

need of for biological treatment in 2010/11 will not be able to fix the problem in time as planning and construction for Stage 2B may easily take more than 6 years.

5. The early implementation for biological treatment is widely supported by professional bodies (e.g. the Chartered Institute for Water and Environmental Management), green groups (e.g. WWF Hong Kong and the Conservancy Association) and IRP experts (e.g. Prof Albert Koenig and Prof Leonard Cheng). It is not just environmentally beneficial, but indeed indispensable if we are to achieve our objectives of a clean harbour. Not only is Stage 2A not a permanent solution, the proposed chlorine disinfection also carries significant risk as an interim solution.
6. By not committing to implementing Stage 2A and 2B right away, the government will have failed its duty to clean up the environment when it clearly has the resource and the technology to do so. It will also fail in its environmental duty to the region and our neighbouring cities, such as Macau and the many cities in Guangdong which have either implemented or in the process of implementing biological treatment.
7. The estimated investment of HK\$10.8 billion for Stage 2B is likely to be an over-estimate as the population projection around the harbour is being revised downwards and the peak factor in the design can be reduced on the basis of actual operating experience. Nevertheless, even at this level the government will only have to invest a capital cost of less than HK\$2 billion per year over the next six years. Unlike the uncertain climate in 2004 when the decision for phased implementation was made, the current financial health of the government can fully support such an investment.

Principles behind Investment Decision

8. The investment decision for Stage 2A and 2B should be made on the basis of environmental necessity and financial capability. It is wrong in principle to mix up this decision with sewage charge increase. Based on the government's own fiscal forecast, the government is fully capable of funding both the capital costs and operating costs from its revenue. As a matter of fact, the

government's capital investment in infrastructure is nearly \$3 billion short of its target level of \$29 billion this year.

9. The setting of sewage charge level should be based on an entirely different set of principles – the polluter-pays-principle and the equity principle. It should be set to disincentivise residents and commerce from resource wastage whilst ensuring that disadvantaged communities will not be made to bear an unaffordable burden. There does not exist any hard and fast rule of what an optimum recovery ratio should be.
10. In the case of water supply, the revenue from water charges alone (excluding rates from property owners which are not related to water usage and hence not conducive to resource conservation) is 43% of its operating costs in 2005. There is no scientific basis as to whether a recovery rate of 50%, 80% or 100% should be adopted for sewage charge. Nevertheless, a higher recovery rate is more conducive to resource conservation provided that no low-come groups are disadvantaged.

Conclusion

11. In conclusion, we recommend that the government should:
 - a. delink its position on sewage charge increase from its investment decision for HATS;
 - b. commit to the implementation of biological treatment (i.e. Stage 2B) now in addition to completing primary treatment (i.e. Stage 2A)
 - c. review the necessity, feasibility and cost-effectiveness of chlorination disinfection in light of the decision in (b) above, taking into account of the concerns of professional bodies and community groups.

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Environment & Sustainable Development Branch
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