

**Speaking Note of  
Secretary for the Environment  
for the Special Meeting of the Finance Committee (Environment)  
to be held on 9 April 2013 at 6:00 p.m.**

Chairman,

I am delighted to attend the Special Meeting of the Finance Committee today to brief Members on the part of new financial year's Estimates relating to the Environment Bureau (ENB) as well as our work focuses in key policy areas.

**Increase in Resource Allocation**

2. This Administration attaches much importance to protecting our environment, and we will allocate more resources in related work. Our vision is to develop Hong Kong into a quality living, healthy and green city. In this financial year, the ENB and departments under my portfolio are allocated with about \$18.5 billion, representing a net increase of roughly \$5.4 billion or 41% over the revised estimate for 2012-13.

3. Of the total allocation of \$18.5 billion, recurrent expenditure accounts for about \$6.0 billion, up \$0.5 billion net or 9% as compared with the revised estimate for 2012-13. The additional allocation is mainly for meeting the increase in operation fees of various waste facilities, conducting

studies relating to the electricity market, promoting energy efficiency and carbon audit, carrying out studies on external lighting and related measures, as well as promotional work on waste reduction, producer responsibility schemes and recycling activities at the community level. As regards the number of posts, there will be a net increase of 21 posts in the ENB and the Environmental Protection Department (EPD) in 2013-14.

4. Apart from recurrent expenditure, the provision for non-recurrent expenditure, capital account and cash flow for projects under Capital Works Reserve Fund in 2013-14 is about \$12.5 billion, representing a net increase of \$4.9 billion or 64% as compared with the revised estimate for 2012-13. This is mainly due to the funding reserved for injection into the Environment and Conservation Fund (ECF), phasing out highly polluting pre-Euro IV diesel commercial vehicles and providing one-off subsidy to vehicle owners to replace the catalytic converters of liquefied petroleum gas taxis and light buses.

5. I will now give a brief outline of the work priorities of ENB in the coming year.

### **Improving Roadside Air Quality**

6. Firstly on improving air quality, our work will focus on protecting public health and we will accord top priority to reducing roadside air pollution. We will adopt an incentive-cum-regulatory strategy to offer

an ex-gratia payment up to 30% of the taxable values of new vehicles to about 86,000 owners of pre-Euro and Euro I to III diesel commercial vehicles in order to expedite early retirement of these heavily polluting vehicles. The Government has earmarked \$10 billion for the ex-gratia payment to implement the incentive-cum-regulatory measure. We expect the emissions of respirable suspended particulates and nitrogen oxides from vehicles will be reduced by 80% and 30% respectively if these heavily polluting diesel commercial vehicles are all replaced with Euro V ones. After consulting the Advisory Council on the Environment, the relevant transport trades and other stakeholders, we will submit legislative proposal for effecting the proposal to the Legislative Council, and seek funding approval from the Finance Committee (FC) for the ex-gratia payment.

### **Recycling Resources for Gainful Use**

7. Hong Kong has a waste crisis that can only be dealt with by taking multi-pronged actions ranging from waste reduction at source, enhancing waste recovery as well as building a comprehensive and modern waste treatment infrastructure that can handle different types of waste. Our overall approach is “reduction first” and to treat waste as a “resource” that should be put to gainful use.

8. On promoting waste reduction at source, we will continue the progressive implementation of mandatory producer responsibilities schemes (PRs). We are preparing legislative proposals to extend the

Environmental Levy Scheme on Plastic Shopping Bags and to introduce a new PRS on waste electrical and electronic equipment. We are also consulting the public on introducing a new PRS on glass beverage bottles. On the other hand, upon the Government's invitation, the Council for Sustainable Development will in this year engage stakeholders and members of the public on the implementation details of Municipal Solid Waste charging.

9. Furthermore, the Government plans to develop five pilot "community green stations" in the territory to support promotion of green living at the community level. We have reserved \$65 million in this financial year for the construction and operation of these stations.

10. We are now relying mainly on the three strategic landfills to dispose of our waste, and these landfills will reach full capacity one by one before 2020 even though we have fully implemented all practicable waste reduction measures. Therefore, the Government is planning to establish a number of waste facilities in order to properly tackle our waste problem. We are planning to develop in phases organic waste treatment facilities (OWTF), and the first phase of the OWTF which can treat 200 tonnes of food waste daily will be constructed in Siu Ho Wan of North Lantau. We are planning to submit funding application to the Public Works Subcommittee and the FC of the LegCo in the 4<sup>th</sup> quarter of 2013, with a view to awarding the contract for the design, construction and operation of Phase 1 OWTF in early 2014. We expect the facility to be in operation in

2016.

11. I am glad to visit South Korea last week with Members of the Panel on Environmental Affairs, to study waste treatment facilities there and their implementation of waste policies. The experience learnt during the visit would be a good reference in formulating our policies in recycling of resources. South Korea's waste management practices reflect squarely that we have much room for improvement in our work on waste avoidance and recovery, resources recycling, as well as end-of-pipe treatment. The Government will soon publish a policy blueprint with a comprehensive waste management strategy and action plans for sustainable waste management in future.

### **Capital Injection into the Environment and Conservation Fund**

12. For effective promotion of environmental policies and measures, we must cultivate a green culture and develop a green community. We need therefore to raise public awareness of environmental protection, and provide financial support for the public to take part in building a green community. To this end, we propose to inject \$5 billion into the ECF to generate investment returns to further enhance public awareness of environmental protection, conduct environmental research, and encourage public participation in green campaigns. We will later consult the Panel on Environmental Affairs on the proposed injection, with detailed proposal on the way forward for the ECF.

## **Conclusion**

13. Chairman, Government has carried out substantive and effective work to protect our environment. In the coming year, we will continue to take forward various policies, focusing on improving air quality, recycling resources for gainful use and waste treatment, and transforming Hong Kong into a green city. We look forward to receiving the LegCo's continued support in the new financial year. Chairman, together with my colleagues, I would be pleased to answer Members' questions.

**Environment Bureau**

**April 2013**