

立法會
Legislative Council

LC Paper No. CB(1)61/14-15
(These minutes have been seen
by the Administration)

Ref : CB1/PL/EA/1

Panel on Environmental Affairs

Minutes of meeting
held on Wednesday, 23 July 2014, at 2:30 pm
in Conference Room 3 of the Legislative Council Complex

Members present : Hon Cyd HO Sau-lan, JP (Chairman)
Hon CHAN Hak-kan, JP (Deputy Chairman)
Hon James TO Kun-sun
Hon WONG Ting-kwong, SBS, JP
Hon CHAN Kin-por, BBS, JP
Hon Albert CHAN Wai-yip
Hon Claudia MO
Hon Frankie YICK Chi-ming
Hon WU Chi-wai, MH
Hon Gary FAN Kwok-wai
Hon Charles Peter MOK, JP
Hon CHAN Han-pan, JP
Dr Hon Kenneth CHAN Ka-lok
Hon Kenneth LEUNG
Hon Dennis KWOK
Dr Hon Helena WONG Pik-wan
Hon Christopher CHUNG Shu-kun, BBS, MH, JP
Hon Tony TSE Wai-chuen, BBS

Member attending : Hon KWOK Wai-keung

Members absent : Hon LEE Cheuk-yan
Hon Vincent FANG Kang, SBS, JP
Hon Steven HO Chun-yin
Dr Hon Elizabeth QUAT, JP
Ir Dr Hon LO Wai-kwok, BBS, MH, JP

Public Officers attending : **For item III**

Ms Christine LOH, JP
Under Secretary for the Environment

Mr Andrew LAI, JP
Deputy Director of Environmental Protection (3)
Environmental Protection Department

Mr MOK Wai-chuen, JP
Assistant Director (Air Policy)
Environmental Protection Department

Mr FONG Kin-wa
Principal Environmental Protection Officer (Mobile Source)
Environmental Protection Department

Mr YAM Yat-shing
Senior Environmental Protection Officer (Mobile Source) 4
Environmental Protection Department

For item IV

Ms Christine LOH, JP
Under Secretary for the Environment

Mr Howard CHAN, JP
Deputy Director of Environmental Protection (2)
Environmental Protection Department

Dr Ellen CHAN, JP
Assistant Director (Environmental Infrastructure)
Environmental Protection Department

Mr Francis WONG
Officer-in-charge (Waste Transfer & Development)
Environmental Protection Department

For item V

Mr WONG Kam-sing, JP
Secretary for the Environment

Ms Christine LOH, JP
Under Secretary for the Environment

Mr Howard CHAN, JP
Deputy Director of Environmental Protection (2)
Environmental Protection Department

Mrs Alison LAU
Assistant Director (Cross Boundary & International)
Environmental Protection Department

Clerk in attendance : Ms Miranda HON
Chief Council Secretary (1)1

Staff in attendance : Miss Lilian MOK
Senior Council Secretary (1)1

Ms Mandy LI
Council Secretary (1)1

Miss Mandy POON
Legislative Assistant (1)1

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I. Confirmation of minutes

(LC Paper No. CB(1)1812/13-14 — Minutes of the meeting held on
28 April 2014)

The minutes of the meeting held on 28 April 2014 were confirmed.

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II. Information papers issued since last meeting

2. Members noted that the following papers had been issued since the last meeting –

(LC Paper No. CB(1)1693/13-14(01) — Letter dated 20 June 2014 from Hon Albert CHAN Wai-yip requesting discussion on the Environmental Impact Assessment Report on the Three-Runway System Project at the Hong Kong International Airport (Chinese version only)

LC Paper Nos. CB(1)1792/13-14(01) — Referrals arising from the meeting between Legislative Council Members and Heung Yee Kuk Councillors on 20 March 2014 regarding the problems of land use planning and land development in the New Territories and the extension of landfills and development of incinerators in the New Territories (Chinese version only) (Restricted to Members)

LC Paper No. CB(1)1793/13-14(01) — Referral arising from the meeting between Legislative Council members and Sham Shui Po District Council members on 27 March 2014 regarding the noise and hygiene problems caused by vehicles of second-hand electrical appliance recyclers (Chinese version only) (Restricted to Members)

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LC Paper No. CB(1)1855/13-14(01) — Administration's paper on "Sewage Services Operating Accounts Actual Outturn in 2012-13 and Projected Outturn in 2013-14"))

3. The Chairman reminded members that the Panel would hold a joint meeting with the Panel on Economic Development on Monday, 29 September 2014, from 2:30 pm to 7:00 pm to receive public views on "The Third Runway Project in the Hong Kong International Airport and the relevant Environmental Impact Assessment Report". A special meeting would also be held on Tuesday, 30 September 2014, at 10:45 am to discuss the "Review of the Third Technical Memorandum for Allocation of Emission Allowances in respect of Specified Licences".

III. Review of emission test fee for Designated Vehicle Emission Testing Centres

(LC Paper No. CB(1)1814/13-14(01) — Administration's paper on "Review of emission test fee for Designated Vehicle Emission Testing Centres")

4. The Under Secretary for the Environment ("USEN") introduced the Administration's proposal to increase the emission test fee for Designated Vehicle Emission Testing Centres ("DVETCs"). The Deputy Director of Environmental Protection (3) ("DDEP(3)") highlighted that the test fees would be increased from \$310 to \$680 for heavy diesel vehicles, \$730 for light diesel vehicles and \$620 for petrol and liquefied petroleum gas ("LPG") vehicles.

Replacement of catalytic converters and oxygen sensors

5. Mr Frankie YICK pointed out that after the completion of the replacement programme on catalytic converters and oxygen sensors for petrol and LPG taxis and light buses, some of these vehicles had experienced engine stalling problems. As the Administration planned to launch a strengthened emission control programme on 1 September 2014, some owners of LPG taxis and light buses had expressed concern that if their vehicles were screened to be emitting excessive emission, they would be required to pass an emission test done with the aid of a chassis dynamometer ("the dynamometer-based emission test") at a DVETC within 12 working days, and their daily operation would be affected. The proposed increase in the emission test fee would also pose a

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financial burden on vehicle owners.

6. The Assistant Director of Environmental Protection (Air Policy) ("ADEP(AP)") responded that the Environmental Protection Department ("EPD") had so far received two warranty claims from LPG taxi owners whose vehicles had experienced engine stalling problems after being retrofitted with catalytic converters and oxygen sensors. Upon investigation, it was found that the replacement of catalytic converters and oxygen sensors should not be the cause of the engine stalling problem. Rather, excessive engine wear and tear and the use of substandard motor oil were found to be the causes. In this connection, vehicle owners were advised to undertake proper vehicle maintenance to enhance driving performance and reduce the emission levels of their vehicles. If vehicle owners maintained their vehicles properly, the proposed increase in the emission test fee should not have an impact on them. ADEP(AP) assured members that EPD would continue to promote proper vehicle maintenance and step up publicity on the strengthened emission control programme.

Implementation of the test fee increase proposal

7. Mr Frankie YICK enquired whether the Administration would consider postponing the effective date of the new test fee for DVETCs so as to allow more time for petrol and LPG vehicle owners to prepare for the new requirements of the strengthened emission control programme. DDEP(3) explained that the one-off replacement programme of catalytic converters and oxygen sensors for LPG and petrol taxis and light buses was completed in April 2014. Altogether 13 942 taxis and 2 881 light buses took part in the programme, accounting for some 80% of the target vehicles. As long as they were properly maintained, the Administration considered that the proposed increase in test fee would not affect their owners and the effective date should not be deferred.

8. Mr Frankie YICK further asked if the test fee increase proposal would be implemented in phases as both the Transport Department ("TD")'s Car Testing Centres ("CTCs") and the privately-run CTCs were not yet prepared to conduct the dynamometer-based emission test as part of the vehicle annual examination. ADEP(AP) responded that the emission test fee for DVETCs had not been revised since 1998. Over the period, the number of DVETCs had been reduced from twelve to six with only two in operation because the test fee could not sustain their operation. The remaining DVETC operators were also considering closing their centres. The DVETC operators also claimed that the proposed new fees would still not cover fully their expenses. As such, the Administration considered it not desirable to increase the test fee in phases.

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9. Given that all commercial vehicles and private cars of more than six years old needed to go through TD's vehicle annual examination, Mr Frankie YICK was concerned that vehicles which had passed the annual examination might still fail in the dynamometer-based emission test conducted by EPD as TD's vehicle annual examination could only identify the excessive emission of smoke, hydrocarbons and carbon monoxide but not nitrogen oxides ("NOx"). He also criticized the Administration for not advising vehicle owners of the test fee increase proposal and not reviewing the test fee levels on a regular basis.

10. ADEP(AP) advised that TD would upgrade the emission test in its vehicle annual examination to the dynamometer-based emission test to check the emission of NOx. In the meantime, TD was discussing with the privately-run CTCs about upgrading their equipment for conducting the dynamometer-based emission test as part of the vehicle annual examination.

Setting of the test fee levels

11. Mr WU Chi-wai asked whether it was the normal arrangement for the Administration to set the test fee levels for privately-run DVETCs. ADEP(AP) responded that as stipulated in Schedule 10 of the Road Traffic Ordinance (Cap. 374) ("the RTO"), users of the emission test services at a DVETC would need to pay to the centre a test fee. The current fee was \$310 for each test and any adjustment to the fee would require amendments to Schedule 10 of the RTO. Similarly, the Administration would set the vehicle annual examination fee for TD's CTCs and other private testing centres.

12. ADEP(AP) further advised that since the implementation of the Smoky Vehicle Control Programme ("SVCP") in 1988, all smoky vehicles reported under SVCP were required to go through a smoke test at DVETCs within 12 working days to ascertain if the vehicle owners had rectified the smoke defects of their vehicles. In 1999, EPD upgraded the emission test to an advanced smoke test, which was done with the aid of a chassis dynamometer and took longer time to complete. To conduct the advanced smoke test, DVETC operators had to assign larger space for installing dynamometers and incurred additional expenses for their acquisition, maintenance and operation. The additional costs of conducting the advanced smoke tests, coupled with the inflation in recent years, and the substantial decline in the number of smoky vehicles had made the operation of DVETCs under the prevailing test fee of \$310 (which had not been revised since 1998) not sustainable. Under these circumstances, the number of DVETCs had reduced from 12 in 2005 to six now and indeed only two were in operation due to equipment breakdown.

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13. Mr WU Chi-wai also queried why the Administration did not bring market forces into play so that the test fee levels would be adjusted by market forces. He was of the view that if the test fee levels were adjusted by market forces to a higher level, the operation of DVETCs would be more sustainable.

14. DDEP(3) stressed that the strengthened emission control programme aimed to improve roadside air quality and the emission test fee was not a penalty for excessive emission. If vehicle owners took good care of the maintenance of their vehicles, the proposed increase in the emission test fee should not have an impact on them. Rather, if the test fees were entirely determined by market forces and adjusted to a very high level, they might pose a heavy financial burden on the transport trades. The Administration had tried to strike an appropriate balance between addressing vehicle owners' concern and promoting the sustainable operation of DVETCs when setting the test fee levels.

15. In response to Mr WONG Ting-kwong's enquiry as to why the proposed fee level for light diesel vehicle (which was \$730) was higher than that for heavy diesel vehicle (which was \$680), DDEP(3) explained that the rentals of different DVETCs varied from site to site. In general, they were lower in the New Territories as compared to those in urban areas. To test the emission of heavy vehicles, DVETC would have to be larger in area and such sites were more likely available in the New Territories. As for smaller vehicles, particularly private cars, DVETC operators might prefer setting up their centres in urban areas, where most of their customers were located. As such, due to the differences in the rentals of DVETCs, the proposed levels of test fees for light diesel vehicles and heavy diesel vehicles were different.

Capacity of DVETCs

16. The Deputy Chairman said that he was supportive of the Administration's proposal to increase the emission test fee for DVETCs. However, noting that the number of DVETCs had been declining in recent years and there were now only two in operation (among which only one was providing test services for petrol and LPG light buses), the Deputy Chairman expressed grave concern that if a large number of petrol and LPG taxis/light buses were found to have excessive emissions by roadside remote sensing equipment and were required to undergo the dynamometer-based emission test, it might not be possible for all of them to go through the test within 12 working days. Under such circumstances, vehicle owners could not use their vehicles to earn a living and public transport services would also be adversely affected. The Chairman shared the Deputy Chairman's views that the two DVETCs in operation might not have sufficient capacity to meet the demand of vehicle owners for test services.

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17. ADEP(AP) responded that the completion of the subsidy scheme to replace the catalytic converters and oxygen sensors of petrol and LPG taxis/light buses, together with the effort to promote proper vehicle maintenance, should reduce the number of petrol and LPG taxis/light buses found to be emitting excessively when the Administration launched the strengthened emission control programme on 1 September 2014. If however there were many petrol and LPG vehicles awaiting test services, the Administration would consider extending the time limit for passing the emission test to more than 12 working days having regard to the circumstances of individual cases. ADEP(AP) added that the testing arrangement of the strengthened emission control programme was in line with that of SVCP, under which vehicles emitting excessive dark smoke were also required to pass a smoke test within 12 working days.

18. DDEP(3) supplemented that it would be unlikely for a large number of LPG and petrol light buses to be found emitting excessively by roadside remote sensing equipment as over 80% of them had just replaced their catalytic converters and oxygen sensors under the one-off replacement programme. Although there was only one DVETC providing test services for petrol and LPG light buses, the DVETC should have adequate capacity to cope with the demand for test services. The Administration expected that after increasing the test fee, new testing centres might be set up by other operators in future.

Sustainable operation of DVETCs

19. While expressing support for the test fee increase proposal, Mr WONG Ting-kwong opined that the Administration should regularly review and adjust the fee levels as appropriate. Since the number of smoky vehicles had been decreasing and there were uncertainties in the number of petrol and LPG taxis/light buses having excessive emission problems, Mr WONG expressed concern that if only a small number of petrol and LPG taxis/light buses were required to undergo the dynamometer-based emission test, some private DVETCs might not continue their operation as a lower number of vehicles to be tested would lead to losses in the operation of these centres.

20. ADEP(AP) responded that the proposed fees would only reduce the operational loss of the centres to a more tolerable level. As the existing DVETCs were also providing vehicle maintenance services, providing the emission test services could have certain synergy. The key reason that the operators were willing to continue the operation of their centres or invest in the equipment for the dynamometer-based emission test for petrol and LPG vehicles was the understanding that the prevailing test fee would be increased subject to the approval of the Legislative Council. ADEP(AP) assured members that the Administration would keep the test fee under review regularly.

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21. DDEP(3) supplemented that since the implementation of SVCP in 1988, there had been a sharp decrease in the number of smoky vehicles on roads. As vehicle owners had become more aware of the importance of proper maintenance of their vehicles, the number of smoky vehicle reports had dropped from over 11 000 in 2003 to about 5 800 in 2013. With the success of SVCP, the Administration expected that the strengthened emission control programme to be implemented on 1 September 2014 would further reduce emission from petrol and LPG vehicles to improve roadside air quality.

Concluding remarks

22. The Chairman concluded that members were generally supportive of the proposed increase in the emission test fee for DVETCs.

IV. Restored Landfill Revitalization Funding Scheme

(LC Paper No. CB(1)1814/13-14(02) — Administration's supplementary paper on "Restored Landfill Revitalization Funding Scheme"

LC Paper No. CB(1)1813/13-14(01) — Extract of minutes of meeting on 23 June 2014

Relevant paper

LC Paper No. CB(1)1634/13-14(03) — Administration's paper on "Restored Landfill Revitalisation Funding Scheme")

23. Members noted that the Restored Landfill Revitalization Funding Scheme ("the Funding Scheme") had been discussed at the Panel meeting on 23 June 2014.

Management capability of applicants

24. Mr Kenneth LEUNG expressed concern about the management capability of the applicants of the Funding Scheme. He pointed out that some local non-profit-making organizations ("NPOs") or national sports associations ("NSAs") which were interested in developing recreational/sports facilities at restored landfills might lack experience in business operation, resulting in their inability to implement their proposed projects.

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25. The Deputy Director of Environmental Protection (2) ("DDEP(2)") advised that the Administration would not be in a position to assess the applicants' experience and background until after the Funding Scheme had commenced receiving applications. To introduce the Funding Scheme to prospective applicants, the Administration had organized two briefing sessions in January and February 2014 and three site visits to restored landfills in March 2014. More than 80 participants from around 40 NPOs, NSAs and other interested parties attended the briefing sessions. As requested by Mr Kenneth LEUNG, the Administration undertook to see if information on those organizations which had attended the briefing sessions, in particular their track records and past experience in running recreational/sports facilities, were available and could be provided to the Panel. The Administration would also provide information on the organizations which were currently running projects or facilities in restored landfills.

Composition of the Steering Committee on the Funding Scheme

26. Noting that a Steering Committee comprising members from the fields of accounting, architecture/engineering, sports and social services as well as representatives of relevant District Councils with restored landfills would be appointed by the Secretary for the Environment ("SEN") to take forward the Funding Scheme, Mr Kenneth LEUNG enquired whether the Administration would appoint representatives of the cultural industry and the youth to join the Steering Committee.

27. USEN responded that the Administration would consider inviting members from different professions and backgrounds to join the Steering Committee so as to make it more broadly representative. However, to safeguard the objectivity and fairness of the assessment process, Steering Committee members would need to declare interest if NPOs or NSAs associated with them were applying for the Funding Scheme and the former might be barred from discussion of the relevant applications.

Afteruses of restored landfills

28. Mr Gary FAN criticized the Administration for not addressing members' concerns on the Funding Scheme raised at the Panel's meeting held on 23 June 2014. He asked if the Administration would proactively consider resuming the land granted to different private clubs and then relocating the facilities to restored landfill sites so as to release the land occupied by the facilities for other uses of higher demand in the community. Consideration should also be given to setting up flea markets and holiday bazaars at restored landfills to create local employment opportunities. Mr FAN further opined that

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cross-bureaux and inter-departmental collaboration should be enhanced to expedite the development of restored landfills, thereby ensuring the effective use of valuable land resources.

29. USEN advised that the Funding Scheme aimed to promote active public participation in the development of suitable facilities at restored landfills as well as to provide opportunity for NPOs and NSAs to take forward their innovative proposals. NPOs and NSAs were strongly encouraged to apply for the Funding Scheme if they had innovative proposals for making gainful afteruses of the restored landfills. Since most of the restored landfill sites were zoned as "Open Space", "Green Belt" or "Recreation", they were mainly used for recreational and community purposes. The Assistant Director of Environmental Protection (Environmental Infrastructure) ("ADEP(EI)") supplemented that the development of light structures of one to two storeys at restored landfills was technically feasible. However, no large or heavy structures should be built on restored landfills to avoid excessive loading on the landfill gas and leachate systems at the sites.

30. Mr Albert CHAN objected to the Funding Scheme and criticized the Administration for not taking heed of members' suggestions on the afteruses of restored landfills. He commented that the Hong Kong Cycling Association's development of the former Gin Drinkers Bay Landfill into a BMX Park was a failure as the facility did not fit in with the neighbouring environment. In his view, the afteruses of restored landfills should not be limited to recreational purpose. Rather, the afteruses should match in harmony with the surroundings and meet the various needs of the local communities. The Administration should take a proactive role to promote the diversified development of restored landfills. Ms Claudia MO shared Mr CHAN's views that although restored landfills were not suitable for large-scale construction or industrial activities due to technical constraints, the Administration should proactively explore different afteruses of restored landfills.

31. DDEP(2) stressed that the Administration welcomed any proposals from members and any other interested parties on how to make more gainful afteruses of restored landfills. Since the Funding Scheme was supported by public money, all approved projects should be non-profit-making in nature. Nevertheless, project proponents were allowed to generate income such as levying charges on users of the facilities or services under their proposed projects. Any income generated had to be ploughed back to a dedicated account for the operation of the projects. Such arrangements were in line with those of other funding schemes subsidized by public money.

32. Mr CHAN Han-pan said that he was supportive of the Funding Scheme which would expedite the development of gainful afteruses of restored landfills

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and promote active public participation in the development of suitable facilities at these sites. To enhance participation of the Funding Scheme, Mr CHAN enquired whether the Administration would proactively invite non-governmental organizations ("NGOs") or NSAs which had proven track records in the development of recreational/sports facilities to make funding application.

33. DDEP(2) responded that while the Funding Scheme would be open for applications from all NPOs and NSAs, the Administration would be happy to arrange briefings and visits to further introduce the Funding Scheme to prospective applicants as necessary. As EPD would provide secretariat support to the Steering Committee, it would provide advisory service and technical support to successful applicants to take forward their proposals. EPD would also assist successful applicants to consult the relevant District Councils and stakeholders on their proposals and liaise with the concerned government departments as appropriate.

Financial viability and sustainability of proposed projects

34. Noting that all approved projects under the Funding Scheme should be self-sustainable after the first two years of operation, Mr Gary FAN enquired how the Administration would deal with those projects which might not be financially sustainable and viable in the long run.

35. DDEP(2) responded that in the event that project proponents were in default or were not able to meet the conditions/pledges proposed by the proponents and agreed by the Steering Committee, the Steering Committee would request the proponents concerned to rectify the situation. If the project proponents concerned failed to do so within a specified period, the Steering Committee would decide whether or not to terminate the agreements and repossess the landfill sites. Under such circumstances, no compensation would be payable to the project proponents.

Renewal of land licences

36. Mr Tony TSE sought elaboration on the renewal of land licences for approved projects. ADEP(EI) advised that successful applicants were required to submit a master programme for their approved projects and progress reports on a regular basis to the Steering Committee during the project preparation, construction and operation stages. The land licences could be renewed if the approved projects were implemented as envisaged in the master programmes and complied with the terms and conditions set out in the land licences and approval conditions as recommended by the Steering Committee. Project proponents could also propose a suitable duration of renewal of the land licences for their projects having regard to the nature of the afteruses and the

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applicants' overall plans. The Steering Committee would consider whether the proposed duration tied in with the nature and operation of the projects and decide the duration of renewal to be granted to the project proponents accordingly.

37. In response to Mr Tony TSE's further enquiry about the criteria for assessing funding applications and the respective weightings of different criteria, ADEP(EI) advised that the Steering Committee would assess and examine all applications received based on four main criteria, namely, engineering and environmental feasibility of the project, project's benefits and acceptance by the community, management capability of the applicant and financial viability and sustainable of the project. Each criterion would be important in the assessment process and a project proponent would be required to demonstrate sufficient merits in all of the major criteria. The Administration would seek the advice of the Independent Commission Against Corruption on the assessment criteria and procedures to be adopted and set out the relevant details for applicants' reference later.

Decision of the Panel

38. The Chairman put to vote the Administration's proposal to make a submission to the Finance Committee for the non-recurrent funding of \$40 million to meet the starting costs and initial operating deficits of projects under the Funding Scheme. Mr Gary FAN claimed a division of the votes. The Chairman announced that nine members voted for the proposal (the Deputy Chairman, Mr WONG Ting-kwong, Mr Christopher CHUNG, Mr CHAN Kin-por, Mr Frankie YICK, Mr CHAN Han-pan, Mr Tony TSE, Mr Charles MOK and Mr Kenneth LEUNG), one member (Mr Gary FAN) voted against it and one member (Ms Claudia MO) abstained.

39. The Chairman declared that the Panel supported the Administration's proposal.

V. Measures to promote the recycling industry and establishment of the Recycling Fund

(LC Paper No. CB(1)1814/13-14(03) — Administration's paper on "Measures to promote the recycling industry and establishment of the Recycling Fund"

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- LC Paper No. CB(1)1814/13-14(04) — Updated background brief on "Promotion of the recycling industry" prepared by the Legislative Council Secretariat
- LC Paper No. CB(1)1841/13-14(01) — Submission from Hong Kong Organic Waste Recycling Centre (Chinese version only)
- LC Paper No. CB(1)1856/13-14(01) — Submission from The Federation of Environmental and Hygienic Services (Chinese version only)

40. SEN briefed members on the Administration's proposal to set up a Recycling Fund ("the Fund") as announced by the Chief Executive ("CE") in his 2014 Policy Address and the measures to promote the sustainable development of the recycling industry by highlighting the salient points of the discussion paper.

Support to the recycling industry

41. Mr KWOK Wai-keung said that Members belonging to the Hong Kong Federation of Trade Unions had all along supported the establishment of the Fund to assist the operators in expanding their business operations and upgrading their capabilities, thereby creating more job opportunities. However, as only \$1 billion was earmarked for the Fund, he was concerned about the sustainability of the financial assistance to the recycling industry. SEN responded that the Fund was a positive first step to support the sustainable development of the recycling industry. The Administration would continue to explore viable measures and provide necessary support to the industry.

42. Mr Kenneth LEUNG doubted the effectiveness of using the Fund alone to promote the sustainable development of the local recycling industry. He enquired whether the Administration had formulated measures on multiple fronts to support the recycling industry, such as promoting waste reduction and separation at source, setting up more community recycling networks, providing tax incentives to assist waste recyclers in their operations. In response, SEN assured members that the Administration would take forward different programmes and initiatives to promote waste reduction and recycling, such as facilitating more proactive community participation and promoting the habit of clean recycling. DDEP(2) added that apart from the Fund which aimed to facilitate the upgrading of the operational capabilities and efficiency of the

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recycling industry, recyclers and other parties interested in undertaking research and development projects on new recycling technologies or methods might also seek funding support from the Innovation and Technology Fund.

43. The Chairman pointed out that members of the Labour Party had requested the Government to set aside a recurrent expenditure of \$2 billion per year to assist recyclers in the recycling of waste. However, the Government had only earmarked \$1 billion to set up the Fund, which was far less than that requested by the Labour Party and indicated that insufficient resources were allocated by the Government to support waste recycling. As such, the extension of the three strategic landfills and the development of Integrated Waste Management Facilities Phase I might not receive support from members of the Labour Party when the relevant funding proposals were reconsidered by the Finance Committee ("FC") in the new legislative session.

Recyclables of low commercial values

44. Mr KWOK Wai-keung noted with concern that recyclers in Hong Kong had focused on higher value recyclables such as metals and paper for which there were export markets. He enquired how the Administration would make use of the Fund to support the recycling of recyclables with low commercial values, and whether the Administration had any concrete plan to promote markets for such products. The Deputy Chairman expressed similar views that priority should be given to supporting the recycling of recyclables with low commercial values (e.g. waste plastics, food waste).

45. Mr CHAN Han-pan pointed out that the major reason for recyclers to adopt low-end technologies for recycling over the years was the lack of local and overseas markets for recycled products. He asked whether the Administration would provide support for exporting recyclables. He further suggested that the Administration should consider promoting the co-operation between the recycling industry and some design institutions to encourage the development of creative recycling technologies, particularly for recyclables with low commercial values. SEN agreed that there should be greater co-operation between the recycling industry and the academic sector, and would convey members' concerns to the Advisory Committee on Recycling Fund ("the Advisory Committee") for consideration after it was established. DDEP(2) added that the Administration had taken the lead to implement a green procurement policy to boost the local demand for green and recycled products in Hong Kong, such as using eco-pavers in public works projects and trial use of biodiesel in government vehicles and machinery, etc.

46. Mr CHAN Han-pan further said that the recyclers of waste wood had been facing difficulties in their operation due to the low value of waste wood

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and the high transportation cost. Although the Government encouraged the delivery of waste wood direct to suitable recyclers for processing, some waste recyclers had relayed to him that they were not allowed to collect waste wood from piers. He enquired whether the Administration would formulate strategies to ensure that the industrial and commercial sectors would deliver recyclables of low commercial values to designated recyclers for processing. SEN responded that at present there was one recycler operating at the EcoPark which recycled waste wood into wood fuel pellets. To encourage members of the public to recycle festive items, EPD, together with NGOs, environmental organizations and relevant government departments had jointly organized campaigns on Christmas trees and peach blossom trees recycling during Christmas and Lunar New Year respectively. All the Christmas trees and peach blossom trees collected were delivered to the waste wood recycler in the EcoPark.

Review and monitoring mechanism

47. Mr KWOK Wai-keung sought elaboration on the monitoring mechanism to examine the progress of approved projects under the Fund. SEN responded that the Advisory Committee to be set up would oversee the operation of the Fund including, among others, assessment of applications and monitoring of the progress of approved projects, project results and disbursement of fund. DDEP(2) said that the Administration planned to engage the Hong Kong Productivity Council ("HKPC") as partner in the implementation of the Fund. To ensure the proper use of public money, robust monitoring mechanisms would be put in place which required, for example, the submission of progress reports and audited accounts by independent auditors, and spot checks and random inspections, etc. Disbursements to successful applicants would be made at designated stages of the projects on a milestone basis. The final payment would only be disbursed upon satisfactory completion of the project and checking of all the reports submitted. HKPC would also be required to submit to the Advisory Committee regular progress reports and evaluation on the operation of the Fund, as well as annual accounts audited independently.

Eligible applicants

48. Mr Kenneth LEUNG said that he had received a letter from the Hong Kong Recycle Materials and Re-production Business General Association Limited enquiring about the reason for accepting applications from NPOs for the Fund given that NPOs could apply for the Environment and Conservation Fund ("ECF") to support their green projects and activities. SEN advised that the Administration had proposed that applications for grants from the Fund should be open to (i) enterprises with business registration in Hong Kong and with established track records in recycling operations, and (ii) NPOs, industrial support organizations and professional bodies registered in Hong Kong which

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were capable of conducting training or development projects for the recycling industry as a whole. Whether an applicant was "profit making" or not should not be a major concern in assessing the applications. Rather, the key assessment factor would be whether the proposed projects could promote the recovery and recycling of waste by facilitating the upgrading of the operational capabilities and efficiency of the recycling industry for sustainable development. SEN further explained that ECF aimed to provide funding support to educational, research and other projects and activities in relation to environmental and conservation matters whereas the Fund was established to upgrade the capabilities and efficiency of recycling operations.

49. Mr Frankie YICK indicated support of the Fund and the proposed project-based matching funds for enterprises. However, he relayed the concerns of small and medium enterprises as to whether they were eligible for applying for the Fund. SEN responded that there would be flexibility to cater for different operational circumstances of recyclers. Applications for the Fund could be made by an individual organization or jointly made by several organizations in a collaborative effort. Professional bodies were also encouraged to apply for funding support for projects which could benefit the whole recycling industry covering large, medium and small enterprises.

Scope and funding limits

50. The Deputy Chairman noted with concern that the majority of the recyclers in Hong Kong were confined to simple operation without any value-added recycling process. He opined that the Administration should nurture the local recycling trade to engage in more value-added processes so as to turn waste into recycled products of higher value. The Administration should expand the scope of the Fund to support recyclers operating in the upstream, midstream and downstream of the industry.

51. SEN responded that the clear objective of the Fund was to strengthen the operation of the local recycling industry in terms of quality as well as quantity of their output. The Administration was open to proposals to enhance the overall capability, efficiency, skills and market information of the recycling industry. As industry members would know best about what they needed to develop their business, the Administration considered it appropriate to maintain flexibility on the use of the Fund by supporting different proposals put forward by the industry. DDEP(2) supplemented that the Fund would also support commercialization and marketing of recycled products. It would be up to the stakeholders to make proposals taking into account their own circumstances as well as the overall objectives of the Fund.

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52. While supporting the establishment of the Fund, Mr Tony TSE enquired about the rationale for capping the grants at \$5 million for individual recyclers and \$15 million per project for NPOs and professional/trade associations respectively. SEN responded that the Administration had liaised closely with the recycling industry on how to use the Fund effectively. For enterprises, the funding limits of \$5 million had been drawn up with reference to a number of factors, including the estimated cost of machinery and equipment for value-added recycling and related processes, etc. Grants for NPOs and professional/trade associations to conduct programmes for the upgrading and development of the industry might cover up to 100% of approved expenditure items depending on the merits of the case. The funding limit of \$15 million was considered appropriate as the funded projects would be for the benefit of the industry as a whole rather than for individual enterprises, and the project outcome should be open for sharing with members of the industry.

53. Mr WU Chi-wai opined that the Administration should highlight the importance of the quantity of recyclables recovered from the waste stream in order to reduce disposal at landfills. He also suggested that the Administration should prioritize the anticipated deliverables of the Fund to ensure that the Fund would accord priority to supporting recovery and recycling of waste. On the assessment criteria, Mr WU Chi-wai held the view that approved projects should be strictly performance based, and the quantity of waste recovered should be adopted as the major criterion for assessing a particular project. SEN reiterated that the Fund aimed to raise the quantity and quality of recyclables recovered from the waste stream and stimulate innovative ideas from the industry to reduce residual waste.

54. Dr Kenneth CHAN pointed out that the Administration should make clear that the Fund would not support the importation of recyclables by recyclers. SEN responded that the Fund would focus on reducing local waste and encouraging the recycling of local recyclables. The Advisory Committee would work out further details of the assessing criteria.

Administrative and monitoring costs

55. Noting that the administrative and monitoring costs required for HKPC to implement the Fund would be \$84.1 million, Mr WU Chi-wai expressed concern that the costs were relatively high and called on the Administration to look into ways to reduce them. Dr Kenneth CHAN shared a similar concern. SEN responded that the Administration had all long been trying to minimize the administrative costs of all funding schemes as far as practicable. The ratio of the administrative cost for the Fund was not high when compared to those of other similar funding schemes.

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56. DDEP(2) said that for budgeting purpose, the Fund was planned to be open for applications for five years, followed by a two-year implementation and monitoring period by HKPC. To ensure prudent use of public money, HKPC would be required to work out annual implementation plans and budgets for prior approval by the Advisory Committee. Funding from the Government would be disbursed to HKPC annually, and the disbursement would be contingent upon submission and acceptance of the annual implementation plan and budget by the Advisory Committee. DDEP(2) further explained that the administrative and monitoring costs of \$84.1 million (about 8.4%) would be required for HKPC to set up a dedicated team for programme management, technical evaluation and project monitoring. Separately, \$15.8 million would be disbursed from the Fund to HKPC for publicity and promotion activities, briefings for applicants and seminars for experience sharing, as well as conducting periodic market development and technological studies on matters relating to recycling industries.

Registration scheme for the recycling industry

57. Noting that EPD had explored with the trade the introduction of a registration scheme for recyclers, Mr Kenneth LEUNG enquired about the nature of the registration scheme. DDEP(2) advised that in response to the industry's request, EPD had advocated the introduction of a registration scheme for recyclers in order to establish and promote good standards of practice in the industry and identify responsible recyclers. The industry was supportive of the proposed scheme and considered that such a scheme helpful for the development of the recycling industry. The Hong Kong Quality Assurance Agency ("HKQAA") had agreed to assist in developing the scheme and was drawing up a detailed operational framework in consultation with the industry, which would entail different categories of registration for specific types of recycling operations. HKQAA aimed to conduct the first pilot run for used cooking oil recyclers in the third quarter of 2014 and would eventually introduce similar schemes to cover other types of recycling operations.

58. Mr Tony TSE enquired whether participation in the registration scheme was voluntary, and how many recyclers would join the scheme. He further asked about the purpose of conducting the pilot run for recyclers. DDEP(2) responded that participation in the registration scheme being planned by HKQAA was on a voluntary basis. The pilot run would involve a number of recyclers. As a registration scheme was new to the recycling industry, a pilot run could familiarize recyclers with the scheme and the standards of practice, with a view to formulating a more comprehensive scheme.

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Source separation of food waste

59. Mr Tony TSE noted that a territory-wide Source Separation of Waste Programme had been implemented to encourage the public to separate waste at source, and enquired about the measures to facilitate source separation of food waste. SEN responded that the Administration would progressively set up a Community Green Station ("CGS") in each of the 18 districts and promote the habit of clean recycling. It would also continue to drive behavioural changes in Hong Kong people through the Food Wise Hong Kong Campaign, the reuse and donation of food waste, etc. Recyclers were welcome to apply for the Fund to enhance the overall capability and collection of food waste.

Proposed sites for CGSs

60. Mr CHAN Kin-por expressed support for the Fund and considered that the Administration should liaise with the recycling trade to work out new initiatives and measures to support the local recycling industry. Noting that the first CGS in Sha Tin would only be commissioned in late 2014, Mr CHAN expressed concern about the slow progress in establishing CGSs in the 18 districts. DDEP(2) advised that following CE's announcement in his 2014 Policy Address of the plan to progressively set up a CGS in each of the 18 districts, the Administration had actively identified suitable locations for CGSs in each district and consult the respective District Councils to seek their support on the establishment of CGSs. As the sites in Sha Tin and Eastern Districts had been confirmed, CGSs in these two districts would be completed first while other CGSs would be completed by phases in the next three years or so.

Other concerns

61. Noting that EPD had launched "Waste Less", which was a free mobile application providing information on recyclable collection points in public places all over Hong Kong, Mr CHAN Kin-por suggested that the Administration should consider providing information on the recyclable collection points in housing estates as well, and update the information regularly. USEN said that the mobile application was an innovative tool to help the public to obtain waste reduction and recycling information more easily. EPD would expand the database and continue to update relevant information.

62. Mr Frankie YICK commented that recyclable materials which were contaminated could not be recycled for use, resulting in high operation cost and low profit margin for the recycling sector. He asked whether the Administration had worked out a clear timetable for implementing a comprehensive waste

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recycling policy. USEN agreed on the need to promote public awareness on clean recycling so that the recyclables to be placed in the waste separation bins would be cleansed and free from contamination. In parallel with the implementation of the Fund, a promotion campaign on clean recycling would be launched by end of 2014 with a view to educating the community that waste plastic bottles should be cleansed before being put into the separation bins. SEN said that EPD had discussed with the Education Bureau ways to enhance the awareness of secondary and primary students about clean recycling. A new publicity programme would be rolled out in secondary and primary schools after the summer recess.

Concluding remarks

63. The Chairman concluded that members supported the submission of the Administration's proposal to FC for consideration.

VI. Any other business

64. There being no other business, the meeting ended at 4:31 pm.

Council Business Division 1
Legislative Council Secretariat
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