

立法會
Legislative Council

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Finance Committee of the Legislative Council

**Minutes of the 4th meeting
held at Conference Room 1 of the Legislative Council Complex
on Friday, 24 October 2014, at 3:00 pm**

Members present:

Hon Tommy CHEUNG Yu-yan, SBS, JP (Chairman)
Hon CHAN Kin-por, BBS, JP (Deputy Chairman)
Hon Albert HO Chun-yan
Hon LEE Cheuk-yan
Hon James TO Kun-sun
Hon CHAN Kam-lam, SBS, JP
Hon LEUNG Yiu-chung
Dr Hon LAU Wong-fat, GBM, GBS, JP
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, GBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon Vincent FANG Kang, SBS, JP
Hon WONG Kwok-hing, BBS, MH
Prof Hon Joseph LEE Kok-long, SBS, JP, PhD, RN
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Hon Ronny TONG Ka-wah, SC
Hon Cyd HO Sau-lan, JP
Hon Starry LEE Wai-king, JP
Dr Hon LAM Tai-fai, SBS, JP
Hon CHAN Hak-kan, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon CHEUNG Kwok-che

Hon WONG Kwok-kin, SBS
Hon IP Kwok-him, GBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Hon Albert CHAN Wai-yip
Hon WONG Yuk-man
Hon Claudia MO
Hon Michael TIEN Puk-sun, BBS, JP
Hon James TIEN Pei-chun, GBS, JP
Hon NG Leung-sing, SBS, JP
Hon Steven HO Chun-yin
Hon WU Chi-wai, MH
Hon YIU Si-wing
Hon Gary FAN Kwok-wai
Hon MA Fung-kwok, SBS, JP
Hon Charles Peter MOK, JP
Hon CHAN Chi-chuen
Hon CHAN Han-pan, JP
Dr Hon Kenneth CHAN Ka-lok
Hon CHAN Yuen-han, SBS, JP
Hon LEUNG Che-cheung, BBS, MH, JP
Hon Kenneth LEUNG
Hon Alice MAK Mei-kuen, JP
Dr Hon KWOK Ka-ki
Hon KWOK Wai-keung
Hon Dennis KWOK
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
Hon SIN Chung-kai, SBS, JP
Hon IP Kin-yuen
Dr Hon Elizabeth QUAT, JP
Hon Martin LIAO Cheung-kong, SBS, JP
Hon POON Siu-ping, BBS, MH
Hon TANG Ka-piu, JP
Dr Hon CHIANG Lai-wan, JP
Ir Dr Hon LO Wai-kwok, BBS, MH, JP
Hon Christopher CHUNG Shu-kun, BBS, MH, JP

Members absent:

Hon Emily LAU Wai-hing, JP
Dr Hon LEUNG Ka-lau
Hon Frankie YICK Chi-ming
Dr Hon Helena WONG Pik-wan
Hon CHUNG Kwok-pan
Hon Tony TSE Wai-chuen, BBS

Public officers attending:

Ms Elizabeth TSE Man-yee, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Ms Esther LEUNG, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)1
Mr Alfred ZHI Jian-hong	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Mr WONG Kam-sing, JP	Secretary for the Environment
Mr Howard CHAN Wai-kee, JP	Deputy Director of Environmental Protection (2)
Mr Elvis AU Wai-kwong, JP	Environmental Protection Department Assistant Director (Nature Conservation and Infrastructure Planning)
	Environmental Protection Department

Clerk in attendance:

Mr Andy LAU	Assistant Secretary General 1
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Staff in attendance:

Mr Bonny LOO	Assistant Legal Adviser 3
Mr Derek LO	Chief Council Secretary (1)5
Mr Daniel SIN	Senior Council Secretary (1)7
Mr Raymond SZETO	Council Secretary (1)5
Mr Frankie WOO	Senior Legislative Assistant (1)3
Ms Christy YAU	Legislative Assistant (1)7

The Chairman said that, at the Finance Committee ("FC") meetings held on 17 October 2014, some members suggested that the agenda items should be adjusted to allow the Committee to deliberate less controversial or urgent funding proposals that most affected people's livelihood. He added that he had received a letter from Mr CHEUNG Kwok-che setting out specific suggestions on the order of the agenda items.

2. The Chairman informed the Committee that he had reflected members' concern to the Administration. Having carefully considered members' views and arguments on adjusting the meeting agenda, the Administration's position, and the established practice and precedents of FC, the Chairman decided that he would not adjust the order of the agenda items that had been put forward by the Administration, and that he would conduct the meeting according to the agenda issued. The Chairman also referred members to his reply to Mr CHEUNG Kwok-che issued via LC Paper No. FC20/14-15 dated 24 October 2014.

Item No. 1 – FCR(2014-15)49
CAPITAL WORKS RESERVE FUND
HEAD 705 – CIVIL ENGINEERING
Environmental Protection – Refuse Disposal
172DR – Organic waste treatment facilities phase 1

3. The Committee continued deliberation on the item on the proposed Organic Waste Treatment Facilities ("OWTF") Phase 1. The Chairman said that 20 members had spoken on the item and one member had spoken for the second round.

Private sector participation in the operation of waste treatment facilities

4. Mr Albert CHAN criticized that the proposed OWTF phase 1 project was not cost-effective on the ground that the amounts of compost and surplus electricity it could produce were relatively small as compared with this huge capacity for handling organic waste. Citing an example of organic waste treatment plant in the United Kingdom ("UK"), where the organic waste treatment facilities were operated by the private sector without public funding, Mr CHAN queried why the Administration did not adopt the same mode of operation but had to spend a large amount of public resources on the treatment of food waste.

5. Deputy Director of Environmental Protection (2) ("DDEP(2)") said that the Administration had looked into food waste treatment facilities using several anaerobic digestion systems recently commissioned in Europe and the

United States. Most of those facilities were operated under a Design-Build-Operate ("DBO") contract and were publicly funded. Secretary for the Environment ("SEN") said that the Administration studied the private organic waste treatment plant in the UK that Mr Albert CHAN mentioned because it provided an example of food waste treatment using anaerobic digestion treatment technology. He commented that the circumstances in the UK and Hong Kong were not comparable. Private-run food waste facilities in the UK were possible because a charging scheme for waste disposal was in place there and various facilities for treating different types of waste were well developed.

6. Mr Albert CHAN commented that the Administration should adopt the UK model in the implementation of OWTFs which allowed full private sector participation. SEN advised that different jurisdictions had different degree of public-private participation in the operation of waste treatment facilities. In implementing the first OWTF in Hong Kong, it was appropriate for the Administration to take the lead in terms of resource input.

7. The Chairman reminded Mr Albert CHAN that he had been repeating his comments.

8. Mr Frederick FUNG asked whether the Administration would encourage private sector participation in the provision of organic waste treatment facilities and operations. SEN responded that the Administration welcomed private sector participation in the development and operation of OWTFs.

9. Mr LEUNG Kwok-hung asked whether the Administration intended to develop waste management infrastructure to facilitate private sector involvement in future and whether the Administration would introduce tax concessions to incentivize private sector's participation in the operation of OWTFs. SEN said that the Administration kept an open mind on how the private sector might participate in the operation of waste management facilities in the long term. The current arrangement of operating OWTF phase 1 under a DBO contract was considered more effective in dealing with the situation in Hong Kong.

Construction cost of OWTF phase 1

10. Mr WU Chi-wai queried the justification for the high cost of the "architectural, building and landscape works" component as OWTF phase 1 included only one single-storey structure. Mr WU also queried the need for extensive landscape works as the location of the facilities was remote.

11. Assistant Director (Nature Conservation and Infrastructure Planning) ("AD(NC&IP)") explained that all of the installations of OWTF phase 1, including waste separation, digestion and composting systems, had to be fully covered in order to comply with the stringent odour control requirements. AD(NC&IP) added that the average construction unit cost for the building works (including the superstructure and foundation) was about \$18,670 per square metres, which was comparable to other recent government development projects. The average construction unit cost of OWTF phase 1 was on par with the local construction cost of industrial buildings in the private sector. The landscape works covered roof-greening and planting, which were included as required under the Environmental Impact Assessment ("EIA") report.

12. Dr KWOK Ka-ki asked if the Administration had introduced any measures to minimize the cost of the proposed OWTF phase 1 which he considered too high. DDEP(2) said that the cost of the project was affected by physical and geographical terrain of the site and the nature of the adjacent infrastructure (which would affect the choice of waste-to-energy technology to be adopted for the project). For future OWTFs, DDEP(2) said that there might be scope for participation by the private sector in the construction and operation to reduce the commitment of public funds. SEN supplemented that OWTF phase 1 had undergone an open and competitive tendering process. The current cost estimate already reflected the best price available.

13. Mr WU Chi-wai queried about the reason for providing almost \$100 million for fitting-out works in expenditure. AD(NC&IP) responded that the building service works highlighted in the project cost estimates included pipes, drainage, electricity installation and illumination, etc.

14. Mr LEUNG Kwok-hung asked why the Administration would adopt anaerobic digestion as the core technology as it was more expensive amongst alternative waste-to-energy technologies. SEN said that anaerobic digestion was considered more suitable for Hong Kong's situation.

Penalty provisions in case of under-performance of contract requirements

15. Dr Kenneth CHAN asked about the supervisory and monitoring measures that the Administration had put in place to ensure that OWTF phase 1 operator would perform satisfactorily and comply with all the contractual and statutory requirements. Dr CHAN asked if there were provisions in the DBO contract to deduct payment to the operator if the operator's performance fell below the expected level or where certain statutory requirements were breached.

16. Deputy Director of Environmental Protection (2) ("DDEP(2)") responded that, under the DBO contract, the OWTF phase 1 operator was

required to meet the necessary environmental and statutory requirements. Environmental Protection Department ("EPD") staff would station on site to monitor the performance of the operator, and independent consultants would be engaged to monitor and supervise the performance of the contract. EPD's law enforcement staff would also carry out regular inspections to the facilities to ensure statutory requirements were observed. The OWTF phase 1 operator was liable to prosecution for breach of statutory provisions, and the Administration was entitled to impose penalty against the operator.

17. DDEP(2) further advised that an amount commensurate with the degree of breach of contract performance would be deducted from the regular payment to the contractor for operation of OWTF phase 1. Penalty would also be imposed for the delay in the completion of the OWTF phase 1 construction works in accordance with the terms of contract.

18. Mr Gary FAN asked about the provisions and criteria for terminating the DBO contract due to the operator's poor performance or breach of contractual obligations in food waste treatment.

19. DDEP(2) responded that if the OWTF phase 1 operator failed to meet the performance requirements, the Administration would first issue warnings and impose rectification measures. AD(NC&IP) supplemented that the contract allowed the operator to dispose of a small amount of food waste in landfills provided that such food waste could not be treated in the facilities. The OWTF operator was required to comply with various terms and performance indicators as specified in the DBO contract. Any breach of contractual obligations would be subject to deduction of payment.

20. Mr Albert CHAN expressed concern about project delays and costs overrun, which were often due to poor project planning and contract management. Mr CHAN asked what provisions had been included in the OWTF phase 1 contract to safeguard against delays and cost overrun. DDEP(2) said that there were provisions in the OWTF phase 1 contract that allowed the Government to impose a penalty on the contractor for any delay in the project.

Products from OWTF phase 1 operations

21. Dr LO Wai-kwok expressed support for the OWTF phase 1 proposal and asked about the outlets of the compost and electricity generated would be. AD(NC&IP) advised that the compost produced at OWTF phase 1 could be fully absorbed by the local market, and could be used by organic farms and for horticulture purposes. The Administration would promote the greater use of

compost from OWTF in government contracts, schools, housing estates landscaping works, etc.

22. AD(NC&IP) added that about half of the surplus electricity from OWTF phase 1 could be exported to the nearby government facilities including the Drainage Services Department's Siu Ho Wan Sewage Treatment Works and Water Services Department's Siu Ho Wan Water Treatment Works. The Administration had found it feasible to connect OWTF phase 1 to the existing power grid, and 40% of the surplus electricity could be supplied through the existing power grid. It further explore with the power company concerned.

23. Mr WU Chi-wai asked what alternative food waste treatment methods had been considered by the Administration. Mr WU asked whether the Administration would adapt refuse derived fuel ("RDF") technology, which had been developed in Japan and Taiwan, for use in OWTFs for energy generation.

24. AD(NC&IP) referred members to the annex to the document, "A Food Waste and Yard Waste Plan for Hong Kong 2014-2022" ("the Plan") published by the Environment Bureau in February 2014, which set out various food waste treatment methods, including aerobic composting, conversion to solid biofuel, liquid biofuel and fish feed/animal feed. As regards RDF, AD(NC&IP) said that the option had been considered in the development of the Integrated Waste Management Facilities phase 1 proposal. RDF could also be made from other municipal solid waste other than food waste, but it had to be used in waste incinerators.

Source of food waste and employment opportunities

25. Mr Frederick FUNG asked if the Administration had plans to recover and recycle domestic food waste. SEN said that when the network of five to six OWTFs was fully implemented, there would be sufficient capacity to handle food waste from both domestic and commercial and industrial ("C&I") sectors. At present, food waste from C&I establishments was given the priority. However, the Administration did not rule out OWTFs treating food waste from the domestic sector in the long run.

26. Mr CHEUNG Kwok-che asked how the Administration would tackle food waste from the C&I sector and how many jobs the proposed OWTF phase 1 would generate. AD(NC&IP) explained that the Plan outlined the Administration's target of reducing food waste disposal to landfills and mapped out strategies to tackle food waste through turning food waste into energy. AD(NC&IP) said that the C&I sector produced about 800 to 1 000 tonnes of food waste per day. About 50% to 60% of the food waste would be source-separated and collected for treatment. OWTF phase 1, with a design

capacity of handling 200 tonnes of food waste per day, was planned to receive and treat source-separated food waste from the C&I sector. These facilities, coupled with the future OWTF phase 2 in Sha Ling, which could handle 300 tonnes per day, would have sufficient capacity to handle all food waste from the C&I sector. The Food Wise Hong Kong Campaign was launched to promote food waste reduction.

27. As regards job opportunities, AD(NC&IP) said that 514 labourer jobs might be created during the design and construction stages of OWTF phase 1, and another 32 labourer jobs might be generated in the operation stage. He expected that with the commissioning of OWTF phase 1, the demand for labour in waste recovery and collection would increase, but the precise implications would be difficult to access.

28. Ms Cyd HO also asked how the OWTF phase 1 project would create employment opportunities in collection, source-separation, and transportation operations. AD(NC&IP) said that participants of various food waste reduction and recycling campaign would engage workers and it was therefore evident that waste reduction and recycling efforts contributed towards increasing employment opportunities.

29. The Chairman suggested that the Administration could provide information regarding assessment on employment opportunities arising from the operation of the proposed OWTF phase 1 to the Panel on Environmental Affairs for reference.

Motion moved under paragraph 39 of the FC Procedure to adjourn discussion

30. Mr Albert CHAN moved, without notice, a motion pursuant to paragraph 39 of the FC Procedure that further proceedings of the Committee should then be adjourned.

31. The Chairman thereupon put the question on Mr Albert CHAN's motion and directed that members when speaking on the question, should only speak once and their speech should be limited to three minutes each.

32. The Chairman explained that if paragraph 39 of the FC Procedure was to be interpreted literally, members were entitled to move, without notice, a motion to adjourn further proceedings of the Committee at each meeting. He commented that the Committee did not frequently hold more than one meeting on a day when the provision was drawn up. Nowadays, it was not uncommon that several two-hour meetings were scheduled on a day because longer time was required to deal with the business on the agenda.

33. The Chairman explained that, if the FC Procedure was interpreted literally, when a motion to adjourn further proceedings of the Committee was approved at a meeting, the meeting would be adjourned, but the problem was that the Committee could continue its proceedings at the ensuing meeting scheduled on the same day as it was a new meeting. On the other hand, if the motion to adjourn was negatived, members would again be allowed to move another motion under paragraph 39 of the FC Procedure at the ensuing meeting scheduled for the day, to adjourn further proceedings of the Committee. The Chairman considered that such situation was absurd, and could not have been what the Committee originally intended at the time when paragraph 39 of the FC Procedure was introduced.

34. To ensure fair, orderly and efficient conduct of meetings, the Chairman ruled that different FC meetings scheduled on a day for dealing with the same agenda should be considered as one meeting for the purpose of paragraph 39 of the FC Procedure. If a motion to adjourn further proceedings of the Committee was approved at one of those meetings, the Chairman would then declare the meeting adjourned and all the remaining FC meetings scheduled on the same day would not be held. If the motion was negatived, it would not be in order for members to move another motion to adjourn further proceedings of the Committee in the other meetings to be held on the same day.

35. The Chairman added that unfinished debate on a motion to adjourn further proceedings of the Committee could continue at the ensuing meeting scheduled for the same day, but could not be carried over to the next meeting on another day.

36. Mr Albert CHAN sought clarification on the meaning of "a meeting". He asked, by the principle as elucidated by the Chairman, whether a member whose conduct was considered grossly disorderly and who was ordered to withdraw from the Committee for the remainder of a meeting, would be allowed to be present at the ensuing FC meetings scheduled on the same day. Mr CHAN Chi-chuen raised a similar query.

37. The Chairman said that members' queries were unrelated to his ruling on handling motions moved under paragraph 39 of the FC Procedure. He said that if members could express their queries in writing, he would be willing to give a written response separately.

38. At the invitation of the Chairman, Mr Albert CHAN introduced his motion. Mr CHAN Chi-chuen spoke in support of the motion.

39. At the invitation of the Chairman, SEN responded that the Administration had developed holistic strategies for waste management as set

out in the Action Blueprint and the Plan. These strategies had received the support of local and overseas experts and green groups.

40. Mr Albert CHAN gave concluding remarks.

41. The Chairman put the question on Mr Albert CHAN's motion to vote. At the request of Mr Albert CHAN, the Chairman ordered a division and the voting bell was rung for five minutes. The Chairman announced that 20 members voted for and 36 voted against the motion. The voting results of individual members were as follows –

For:

Mr Albert HO Chun-yan	Mr LEE Cheuk-yan
Mr LEUNG Yiu-chung	Mr Frederick FUNG Kin-kee
Prof Joseph LEE Kok-long	Mr Ronny TONG Ka-wah
Ms Cyd HO Sau-lan	Mr CHEUNG Kwok-che
Mr Alan LEONG Kah-kit	Mr LEUNG Kwok-hung
Mr Albert CHAN Wai-yip	Ms Claudia MO
Mr WU Chi-wai	Mr Gary FAN Kwok-wai
Mr CHAN Chi-chuen	Dr Kenneth CHAN Ka-lok
Mr Kenneth LEUNG	Dr KWOK Ka-ki
Dr Fernando CHEUNG Chiu-hung	Mr SIN Chung-kai
(20 members)	

Against:

Mr CHAN Kam-lam	Mr TAM Yiu-chung
Mr Abraham SHEK Lai-him	Mr Vincent FANG Kang
Mr WONG Kwok-hing	Mr Jeffrey LAM Kin-fung
Mr Andrew LEUNG Kwan-yuen	Mr WONG Ting-kwong
Ms Starry LEE Wai-king	Dr LAM Tai-fai
Mr CHAN Hak-kan	Mr CHAN Kin-por
Dr Priscilla LEUNG Mei-fun	Mr WONG Kwok-kin
Mr IP Kwok-him	Mrs Regina IP LAU Suk-yee
Mr Paul TSE Wai-chun	Mr Michael TIEN Puk-sun
Mr James TIEN Pei-chun	Mr NG Leung-sing
Mr Steven HO Chun-yin	Mr YIU Si-wing
Mr MA Fung-kwok	Mr CHAN Han-pan
Miss CHAN Yuen-han	Mr LEUNG Che-cheung
Miss Alice MAK Mei-kuen	Mr KWOK Wai-keung
Mr Christopher CHEUNG Wah-fung	Dr Elizabeth QUAT
Mr Martin LIAO Cheung-kong	Mr POON Siu-ping
Mr TANG Ka-piu	Dr CHIANG Lai-wan
Ir Dr LO Wai-kwok	Mr Christopher CHUNG Shu-kun
(36 members)	

42. The Chairman declared that the motion to adjourn further proceedings of the Committee was negated.

43. In response to Mr LEUNG Kwok-hung, the Chairman said that as a motion to adjourn discussion on the agenda item had been moved at the meeting held on 17 October 2014 and negated, no more motion under paragraph 39 in respect of the proposal under deliberation would be in order.

Export of surplus electricity generated from OWTF phase 1

44. Mr Frederick FUNG asked if the income from the export of surplus electricity generated from OWTF phase 1 would be used to subsidize the electricity tariff of residents close to the facilities. SEN advised that from overseas experience, such practice should not be encouraged. Besides, there were very few people living in the proximity to OWTF phase 1 in Siu Ho Wan.

45. Mr Frederick FUNG queried if the electricity generation component of OWTF phase 1 was cost-effective. SEN advised that a waste-to-energy approach was adopted for OWTF phase 1 because surplus electricity generated could be utilized by the adjacent infrastructure facilities and that the breakeven period of OWTF phase 1 would be around ten years.

Collection and recovery of food waste

46. Ms Cyd HO asked if the network for collection and recovery of food waste for treatment at OWTF phase 1 would be widened to cover smaller shops or restaurants in housing developments, in addition to the large restaurants or shopping malls participating in the Food Waste Recycling Partnership Scheme. She also asked if existing participants had installed special collection and storage facilities that would minimize odour nuisance to the neighbourhood.

47. AD(NC&IP) said that more than 100 organizations had participated in the Food Wise Hong Kong Campaign as well as other food waste reduction and recycling activities. Each participating organization devised its own waste collection mode. The Administration would continue to work with participants on developing operational guidelines and would further launch promotions on food waste reduction and recycling among restaurants in areas such as Sham Shui Po.

48. Ms Cyd HO asked about the measures that the Environmental Protection Department ("EPD") would undertake in order to minimize nuisance to the neighbourhood when collecting food waste from restaurants in local communities in Sham Shui Po areas for treatment in OWTF phase 1. AD(NC&IP) explained that EPD had gained experience in testing various

modes of food waste collection under the Food Waste Recycling Partnership Scheme. One of the modes under that Scheme was to collect food waste in special containers which were delivered to a central point for transfer to the treatment facility in Kowloon Bay Pilot Composting Plant at night.

49. Ms Cyd HO requested the Administration to provide to the Panel on Environmental Affairs information on food waste collection facilities in each district to be served by OWTF phase 1, how those facilities could reduce odour and other nuisances to the neighbourhood, and arrangements for reducing resistance by the local communities.

50. Mr LEUNG Yiu-chung expressed concern that food waste collection activities might cause significant nuisance to the community and the vehicle daily trips of vehicles transporting food waste to OWTF phase 1 for treatment would affect the traffic of Siu Ho Wan area.

51. AD(NC&IP) said that food waste would mainly be collected at appointed time from large eateries and shopping malls. The waste would then be stored in specialized containers and loaded in vehicles for delivery to OWTF phase 1 directly. He added that the 100-odd return trips for transporting food waste would not have significant traffic impact on the road network. Food waste would be separated at source before being transported to OWTF phase 1.

Operation cost of OWTF phase 1

52. Mr Michael TIEN said that based on his calculations, the cost of treating one tonne of food waste at OWTF phase 1 would be around \$1 000. He asked how this level of expenditure compared with similar facilities overseas.

53. AD(NC&IP) advised that the costs per tonne of food waste treated in similar facilities in Spain and Canada were, respectively, \$1,270 and \$1,100 and that the estimated expenditure of OWTF phase 1 was comparable to that of similar facilities overseas.

54. Mr Gary FAN asked how the Administration would safeguard against over-charging by the OWTF phase 1 operator. AD(NC&IP) replied that the costs of operating OWTF phase 1 included a fixed cost and a variable cost depending on the amount of waste handled. The rates were specified in the OWTF phase 1 DBO contract, and were legally binding. There were also proper monitoring and audit procedures to ensure that the charge on the Government was reasonable.

Treatment of food waste other than by OWTFs

55. Mr Gary FAN asked how the sewage generated from the operation of OWTF phase 1 would be treated or whether it would be discharged to the sewerage. AD(NC&IP) explained that sewage generated from the operation of OWTF phase 1 would be primarily treated to an acceptable standard before being discharged into the public sewer.

56. Mr Gary FAN asked if pigwash from C&I operators would be mixed with other food waste and delivered to OWTF phase 1 for treatment. AD(NC&IP) replied that food waste would be separated at source and pigwash would not be accepted for treatment at OWTF.

57. Mr Frederick FUNG said that even after the introduction of waste disposal charge and the commissioning of all the OWTFs in future, there would still be around 1 000 tonnes of food waste remained to be disposed of each day. He asked how the Administration intended to handle such a large amount of food waste.

58. SEN said that around one-third of food waste was generated by C&I establishments and two-thirds came from domestic premises. Comparing with other jurisdictions, a food waste recovery and recycling rate of about 40% to 50% would be considered high. He added that food waste that could not be separated at source and treated in OWTFs would be disposed of in landfills or, in the long term, other facilities such as waste-to-energy treatment facilities. The proportion by which the food waste should be disposed of in landfills or through incineration depended on the resources Hong Kong invested respectively in these facilities. The Administration would also promote community and private initiatives through funding under the Environment and Conservation Fund or supporting projects to be carried out in the Eco Park.

59. Mr Frederick FUNG noted that up to 10% of the food waste sent to OWTFs might still be disposed of in landfills. He queried whether the Administration's "zero-landfill" policy was realistic. SEN acknowledged that only about 40% to 50% of all existing food waste in Hong Kong could be reduced through waste reduction measures and treatment through OWTFs. The Administration would commission a study to examine measures and infrastructure requirements for handling municipal solid waste so as to avoid or minimize reliance on landfills for waste disposal in the long term.

Tendering exercise of OWTF phase 1 and tender assessment

60. Mr LEUNG Kwok-hung asked if only local or Mainland companies could submit bids for the proposed OWTF phase 1. DDEP(2) explained that a

global tendering exercise was launched and any overseas company could participate.

61. Mr LEUNG Kwok-hung asked if the DBO contract would be awarded to the company with the lowest bid. Mr Gary FAN raised a similar query. SEN and DDEP(2) advised that both tender price and bidder's technical submissions would be considered on equal weight. SEN stressed that the lowest bid would not necessarily be selected.

62. Mr LEUNG Kwok-hung queried the criteria by which the Administration evaluated the technical and financial aspects of tenders. AD(NC&IP) explained that all tenders were assessed under a rigorous mechanism with an open and transparent marking scheme. In assessing a tender, factors such as the bidders' professional competence, past performance and experience would be taken into account.

63. Mr LEUNG Kwok-hung asked if the Chief Executive or his family members were involved in business related to organic waste collection treatment and recycling. DDEP(2) advised that public officers were subject to a rigorous interest declaration process. During the tendering process of OWTF phase 1, the Administration was not aware that the Chief Executive was involved in any manner in the project.

64. Mr Gary FAN asked how many bidders had submitted tenders on the OWTF phase 1 project and whether they had been given sufficient time to prepare the tenders. AD(NC&IP) said that tendering information was normally not released until the whole process was completed. He added that bidders had five months to submit tenders for the OWTF phase 1 project, which should be sufficient.

Charging on food waste disposal

65. Mr Gary FAN asked when the Administration would consult the public the charging formula for OWTF phase 1. He asked when the public consultation would be conducted. SEN replied that the Council for Sustainable Development had completed the public engagement process on municipal solid waste charging and would submit a report to the Administration in end-2014. The Administration would consult the Advisory Council for the Environment in early 2015 and would consult the public as well as the Panel on Environmental Affairs during the first half of 2015. The issue of food waste charging would be addressed in that consultation exercise.

Other views

66. Mr CHAN Chi-chuen noted that a number of members of the Council for Sustainable Development, Environmental Campaign Committee and the Food Wise Hong Kong Steering Committee had resigned or intended to resign. He asked whether the loss of members from the key advisory bodies on environmental issues would affect the implementation of OWTF phase 1 and the "Hong Kong: Blueprint for Sustainable Use of Resources 2013-2022" ("Action Blueprint"). SEN responded that the advisory bodies as quoted by Mr CHAN Chi-chuen were not relevant to the implementation of OWTF phase 1.

Dealing with motions under paragraph 37A of the FC Procedure

67. The Chairman said that 30 proposed motions intended to be moved under paragraph 37A of the FC Procedure had been received. The meeting would proceed to deal with the proposed motions at the next meeting after members had finished raising questions on the item.

68. The meeting was adjourned at 5:00 pm.

Legislative Council Secretariat

10 April 2015