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Panel on Environmental Affairs

Meeting on 25 February 2015

**Updated background brief on "Cleaner Production Partnership Programme"
prepared by the Legislative Council Secretariat**

Purpose

This paper provides updated background information on the development of the Cleaner Production Partnership Programme ("CPPP"), and gives a brief account of the views and concerns expressed by Members on the subject.

Background

Launch of a five-year CPPP in April 2008

2. Cleaner production ("CP") is a preventive, integrated strategy that applies to the entire production cycle to increase productivity by promoting a more efficient use of raw materials, energy and water, and to enhance environmental performance through reduction of waste and emissions at source.
3. The Environmental Protection Department ("EPD") in collaboration with the Economic and Information Commission of Guangdong Province¹ launched a five-year CPPP in April 2008. On 11 January 2008, the Finance Committee ("FC") of the Legislative Council approved \$93.06 million for the programme.
4. CPPP started with an aim to encourage and facilitate Hong Kong-owned factories in both Hong Kong and the Pearl River Delta ("PRD") region the

¹ The Economic and Information Commission of Guangdong Province is the lead department of the Guangdong Provincial Government for promoting voluntary cleaner production to enterprises in Guangdong.

adoption of CP technologies and practices to reduce air pollutant emissions and energy consumption. The coverage of CPPP has been subsequently widened to cover the treatment and reduction of effluent discharges from factories with a view to facilitating reduction, reuse, recycling and treatment of wastewater arising from their operations.

5. CPPP is implemented by the Hong Kong Productivity Council ("HKPC"). A Project Management Committee comprising representatives from four major trade and industry associations, namely, the Hong Kong General Chamber of Commerce, Federation of Hong Kong Industries, Chinese Manufacturers' Association of Hong Kong and Chinese General Chamber of Commerce, EPD, Trade and Industry Department as well as an academic has been set up to oversee the implementation of CPPP.

6. The Administration's paper which sets out the key activities and achievements of CPPP upon the completion of its first five-year programme (LC Paper No. CB(1)1703/12-13(01)) is hyperlinked in the **Appendix**.

Extension of CPPP for two years from 1 April 2013 to 31 March 2015

7. In the light of the environmental benefits brought by CPPP and positive feedback from the industries, EPD has extended the five-year programme for two years from 1 April 2013 to 31 March 2015 with a funding of \$50 million approved by FC on 14 December 2012. The extension programme covers the entire Guangdong Province with particular emphasis given to encourage the wider use of technologies and production processes that can reduce volatile organic compounds and nitrogen oxides.

8. The extension programme targets at eight industry sectors, i.e. textiles, non-metallic mineral products, metal and metal products, food and beverage, chemical products, printing and publishing, furniture and paper/paper product manufacturing.

9. HKPC continues to be the implementation agent of the extension programme. The key initiatives of the extension programme in the two-year period include –

- (a) to organize around 60 to 80 technology promotion activities, mainly to facilitate sharing of knowledge and successful experiences in the adoption of CP technologies and practices amongst factories. These activities comprise seminars, workshops, factory visits, conferences and exhibitions, in Hong Kong and cities in the PRD region;

- (b) to conduct on-site improvement assessment for about 250 factories to identify and analyze the problems they face and propose practical improvement solutions. The Government will sponsor 50% of the assessment cost, subject to a ceiling of \$25,000;
- (c) to support around 90 demonstration projects to demonstrate the effectiveness of CP technologies through installation of equipment and/or modification of production processes. The Government will sponsor 50% of the project cost, subject to a ceiling of \$300,000; and
- (d) to verify the effectiveness of 80 to 120 improvement measures implemented by participating factories at their own costs. The verification service is provided free of charge to participants, subject to a ceiling of \$20,000 per project.

10. The Administration's progress report on the implementation of the extension programme during the period from 1 April 2013 to 31 March 2014 (LC Paper No. CB(1)1918/13-14(01)) is hyperlinked in the **Appendix**.

Members' views and concerns

11. The major views and concerns expressed by Members at various meetings of the Panel on Environmental Affairs ("the Panel") and FC are summarized below.

Launch of a five-year CPPP in April 2008

12. The Administration's proposals to launch a five-year CPPP and to widen its coverage to cover the treatment and reduction of effluent discharges were discussed by the Panel on 17 December 2007 and 21 January 2010 respectively.

13. Members in general supported the proposals. While agreeing that more resources should be allocated to promote CP technologies and practices, some members were concerned about the effectiveness of CPPP in reducing air pollutant emissions, as it only covered a small number of Hong Kong-owned factories in the PRD region and lasted for five years only. To facilitate monitoring, the Administration was requested to report the progress of implementation of CPPP to the Panel on an annual basis.

Extension of CPPP to 31 March 2015

14. The Panel discussed the Administration's proposal to extend CPPP for two years from 1 April 2013 to 31 March 2015 at its meeting on 26 November 2012. Members were generally supportive of the proposal. Some members considered it necessary for the Administration to review the need for the continuation of CPPP on a longer term basis to ensure sustainability of the environmental benefits achieved.

15. While some members requested the Administration to make efforts to encourage participating factories to implement CP technologies and practices at their own costs, some other members suggested that the Administration should assist the factories in obtaining loans from banks or financial institutions for upgrading their CP technologies.

16. The Administration advised that while the levels of subsidy provided under CPPP were very modest compared to the total investment made by participating factories in adopting CP technologies and practices, CPPP had helped foster the development of a sustainable culture of CP in the PRD region, as well as bringing about more cooperative efforts to reduce emissions in the region.

17. Some members opined that more stringent vetting criteria should be adopted for CPPP so that funding would only be provided to demonstration projects of a pilot and exemplary nature, the experience of which could be shared among participating factories.

18. The Administration advised that CPPP had served as a useful platform for demonstrating CP technologies and practices as well as sharing of experience by participants. Funding support would be provided to demonstration projects on emerging CP technologies and practices. CP measures which were already widely in use would not be supported.

19. At the FC meeting on 14 December 2012, some members queried whether the short extension of the programme was a reflection of the Administration's view on the limited effectiveness of the programme. The Administration advised that it proposed to extend CPPP for two years in order to tie in with the National 12th Five-Year Plan which would end in 2015. The Administration would review the effectiveness of CPPP and take into consideration the policy on promoting CP of the Mainland authorities when determining whether and how CPPP should be further developed.

Recent developments

20. In its briefing for the Panel on the relevant policy initiatives featured in the 2015 Policy Address² on 26 January 2015, the Administration advised that the Government has earmarked \$150 million to extend CPPP for five years from 2015 to 2020. The funding required will be included and reflected in the 2015-2016 Draft Estimates for EPD.

21. The Administration will report on the latest progress of CPPP, and seek the Panel's support to extend CPPP for five years at the meeting on 25 February 2015.

Relevant Papers

22. A list of relevant papers is set out in the **Appendix**.

Council Business Division 1
Legislative Council Secretariat
17 February 2015

² See paragraphs 9-10 of LC Paper No. [CB\(1\)436/14-15\(01\)](#)

Cleaner Production Partnership Programme

List of relevant papers

Council/ Committee	Date of meeting	Paper
Panel on Environmental Affairs	17 December 2007	<p>Administration's paper on "Promotion of cleaner production in the Pearl River Delta Region" (LC Paper No. CB(1)418/07-08(06))</p> <p>Minutes of meeting (LC Paper No. CB(1)646/07-08)</p>
Panel on Environmental Affairs	21 January 2010	<p>Administration's paper on "Cleaner Production Partnership Programme – Support of effluent reduction and control" (LC Paper No. CB(1)896/09-10(03))</p> <p>Background brief on Cleaner Production Partnership Programme prepared by the Legislative Council Secretariat (LC Paper No. CB(1) 896/09-10(04))</p> <p>Minutes of meeting (LC Paper No. CB(1)1392/09-10)</p>
Panel on Environmental Affairs	26 November 2012	<p>Administration's paper on "Extension of the Cleaner Production Partnership Programme" (LC Paper No. CB(1)191/12-13(03))</p> <p>Updated background brief on "Cleaner Production Partnership Programme" prepared by the Legislative Council Secretariat (LC Paper No. CB(1)191/12-13(04))</p> <p>Minutes of meeting (LC Paper No. CB(1)430/12-13)</p>

Council/ Committee	Date of meeting	Paper
Finance Committee	14 December 2012	Head 44 – Environmental Protection Department New Item "Extension of the Cleaner Production Partnership Programme" (LC Paper No. FCR(2012-13)60) Minutes of meeting (LC Paper No. FC146/12-13)
Panel on Environmental Affairs	--	Report on the Completion of the First Five-Year Term of the Cleaner Production Partnership Programme provided by the Administration (LC Paper No. CB(1)1703/12-13(01))
Panel on Environmental Affairs	--	Cleaner Production Partnership Programme Progress report for 2013/2014 provided by the Administration (LC Paper No. CB(1)1918/13-14(01))