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Panel on Environmental Affairs

Meeting on 21 July 2015

**Background brief on green procurement
prepared by the Legislative Council Secretariat**

Purpose

1. This paper provides background information on green procurement, and gives a summary of the major views and concerns expressed by Members when related issues were discussed by the relevant committees of the Legislative Council in the 2012-2013 to 2014-2015 legislative sessions.

Background

Green procurement policy

2. In 2000, the Government updated its Stores and Procurement Regulations to require bureaux and departments ("B/Ds") to take into account environmental considerations when procuring goods and services. Specifically, B/Ds were encouraged to purchase green products and avoid single-use disposable items, having regard to the following factors –

- (a) improved recyclability, higher recycled content, reduced packaging and greater durability;
- (b) greater energy efficiency;
- (c) utilization of clean technology and/or clean fuels;
- (d) reduced water consumption;

- (e) emission of fewer irritating or toxic substances during installation or in use; and
- (f) production of fewer toxic substances, or with fewer toxic substances, upon disposal.

Inter-departmental Working Group on Green Government Procurement

3. The Chief Executive announced after the fifth meeting of the Task Force on Economic Challenges on 22 June 2009 that the Government would take the lead in making Hong Kong a green city through a number of measures including expansion of green procurement in the Government. An Inter-departmental Working Group on Green Government Procurement ("the Working Group") was thereafter set up to take the matter forward. The Working Group drew up additional measures to further promote green procurement in the Government for adoption by B/Ds –

- (a) to adopt the green specifications for products where promulgated by the Environmental Protection Department ("EPD") in their purchases as far as practicable;
- (b) to make annual report on green product purchase;
- (c) to incorporate the green guidelines into their new cleansing contracts; and
- (d) to incorporate the emission standards into their invitation of tender of new vehicle hiring services contracts.

Green specifications

4. In line with the Government's commitment to promote green procurement, EPD commissioned consultancy studies to develop green specifications for products commonly used by B/Ds which were centrally procured by the Government Logistics Department ("GLD") (e.g. paper and office stationery). EPD's study of green specifications was later extended to include products purchased by B/Ds individually. In March 2011, the Environment Bureau ("ENB") issued a circular memorandum to B/Ds on adoption of the green specifications and implementation of other measures set out in paragraph 3(b) to (d) above¹. At present, the number of products on the Government's procurement list with green specifications² has been expanded to 103 items.

¹ The circular is hyperlinked in the Appendix.

² The list of products with recommended green specifications is hyperlinked in the Appendix.

5. According to the Administration, GLD had 406 procurement contracts in total (including 97 contracts for common-user items) that involved products with green specifications in the tenders from 2011 to 2014. Among them, 338 contracts (including 55 contracts for common-user items) involved purchased products meeting the green specifications concerned.

6. The Development Bureau ("DEVB")³ promulgated technical circulars and specifications to facilitate the use of green materials in public works projects. In January 2011, DEVB and ENB jointly issued a circular setting out a framework for the procurement of recycled and other green materials⁴. For instance, each works department is required to form its own committees or units led by directorate officers to oversee and promote the wider use of green materials. Reference check should also be made by the works departments in respect of whether the price of the new green material is acceptable compared to that of the conventional material.

Expanding the green procurement list

7. The Government commissioned a consultancy study in February 2013 to expand the Government's green procurement list and update the green specifications. The consultancy study recommended that the green procurement list be expanded from the existing 103 items to 150 items.

8. In its briefing for the Panel on Environmental Affairs ("the Panel") on the relevant policy initiatives featured in the 2015 Policy Address on 26 January 2015, the Administration advised that it was making preparations to expand the green procurement list as recommended in the consultancy study, and exploring a wider use of recycled and other environmentally friendly materials in public works projects.

³ The Works Branch of the Development Bureau has set up a Sub-group under the Working Group to oversee identification of green materials in public works projects and examine the implications of their use with a view to promoting them in public works projects.

⁴ The circular is hyperlinked in the Appendix.

Major views and concerns expressed by Members

9. Questions relating to the green procurement policy were raised when Members examined the Estimates of Expenditures 2013-2014, 2014-2015 and 2015-2016 at the respective special meetings of the Finance Committee, and at the meetings of the Panel held on 26 January 2015 and 27 April 2015. The major views and concerns raised by Members are summarized in the ensuing paragraphs.

Expenditure on green procurement

10. Members had all along emphasized that the Government should play a leading role in the implementation of green procurement, with a view to helping generate demand for green products/services while setting an example to encourage public organizations and the private sector to follow. Members also regarded green procurement a means to support the environmental protection and recycling industries. To monitor the situation of green procurement in the Government, Members sought information on the expenditures involving green procurement when they examined the Estimates of Expenditures in the past few years. They also enquired about the procurement rate of locally-made products and utilization rate of various B/Ds.

11. The Administration advised that in 2013, the Government spent over \$1 billion on green procurement, accounting for about 15% of the Government's total procurement expenditure. Most of the products were procured through bulk purchase for various B/Ds. As the procurement policy was to encourage open and fair competition to obtain the best value for money for its purchases, all suppliers that could provide products of the required specifications would be allowed to bid on an equal basis. The Government did not pay specific regard to the place of origin of the products.

Updating of the Government's green procurement list and green specifications

12. Regarding the latest consultancy study commissioned by the Government in February 2013 to expand the green procurement list and update the green specifications, some Members enquired whether carbon footprints would be included in the specifications.

13. The Administration advised that that carbon footprints had been included as a consideration in the consultancy study for devising and updating green specifications. The updated specifications included that (a) electrical products should have obtained an Energy Label issued by the Electrical and Mechanical

Services Department, or should comply with power saving standards such as Energy Star so as to reduce carbon emission generated from energy combustion; (b) biodiesel might be considered for automotive fuel oil and fuel oil for non-road use so as to reduce carbon emission from fuel oil production; (c) water-consuming appliances should have incorporated a water efficiency label under the "Water Efficiency Labelling Scheme" so as to reduce carbon emission generated from electricity consumption in water treatment; and (d) products with simple packing or no packing should be considered as far as possible so as to reduce carbon emission from waste treatment.

Assessment of green procurement policy

14. Some Members suggested that the Administration should set specific objectives for the green procurement policy so as to assess the positive environmental effects (e.g. reduction in electricity consumption and emission of toxic materials) achieved through the policy.

15. The Administration advised that the green specifications of products were determined on the basis of a range of factors. While green procurement generally helped to promote the use of environmentally friendly or energy saving products and recycled materials, it would be difficult to quantify the collective environmental benefits from green procurement. The Administration's focus was to review regularly the green specifications of the products on the Government's green procurement list, and expand the list wherever feasible.

Procurement of environmental friendly vehicles

16. As it was a government policy to give priority to environmental friendly ("EF") vehicles when replacing government vehicles, Members enquired about the criteria under which vehicles would be replaced, the number of EF vehicles in government departments at present and the proportion in terms of all the government vehicles. Some Members asked whether the Administration would consider using electric vehicles or low emission vehicles across the board in the government fleet.

17. The Administration advised that GLD assessed whether vehicles were due for replacement on the basis of the Economic Life Model which took into account accumulated maintenance cost, vehicle age, mileage run and replacement cost. If the results indicated that it would no longer be economical to keep the vehicles, departments might request to replace them. When vetting requests for replacement vehicles from departments, GLD would also consider the past

utilization rate of the vehicles concerned. As of March 2015, there were a total of 3 016 EF vehicles in the Government, accounting for 47% of the government fleet. The Administration stressed that procurement of EF vehicles (electric vehicles or other environmental friendly vehicles) for replacing government vehicles was essentially subject to availability of suitable models on the prevailing market as well as operational and resources considerations.

Green procurement for public works projects

18. From time to time, Members urged the Administration to make more use of green materials in public works projects. Regarding the use of eco-pavers, for instance, some Members expressed concerns that while about 190 000 square metres of eco-pavers manufactured from waste glass were produced annually in Hong Kong in 2012 and 2013, only about 160 000 square metres of eco-pavers were used annually in public works projects on average.

19. The Administration advised that it had all along been promoting the use of eco-pavers in public works projects through the green procurement policy. As there was cost incurred in the recovery of waste glass, the cost of eco-pavers was higher than that of conventional bricks. Nevertheless, with the implementation of the producer responsibility scheme on glass beverage bottles in future, it was envisaged that the scheme would facilitate effective collection and proper treatment of glass beverage bottles generated in Hong Kong. This would lower the cost of waste glass recycling over time, and hence the price of eco-pavers and other green construction materials made from waste glass (e.g. fill materials, eco-partition blocks and glassphalt).

Latest development

20. The Administration will brief members on the latest policy and practices on green procurement at the Panel meeting on 21 July 2015.

Relevant papers

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

Green procurement

List of relevant papers

Council/ Committee	Date of meeting	Paper
-	19 January 2011*	Development Bureau Technical Circular (Works) No. 2/2011 and Environment Bureau Circular Memorandum No. 1/2011 on "Encouraging the Use of Recycled and other Green Materials in Public Works Projects"
-	11 March 2011*	Environment Bureau Circular Memorandum No. 2/2011 on "Green Procurement in the Government"
Special meeting of Finance Committee ("FC") for examination of Estimates of Expenditure 2013-2014	9 April 2013	Written questions raised by Members and Administration's replies (Reply serial numbers: ENB 069, 088, 174 and 208) Minutes (Paragraphs 7.18-7.19)
Special meeting of FC for examination of Estimates of Expenditure 2014-2015	1 April 2014	Written questions raised by Members and Administration's replies (Reply serial numbers: ENB 095 and 251)
Panel on Environmental Affairs	26 January 2015	Administration's paper on "2015 Policy Address — Policy initiatives of Environment Bureau: Environmental protection" (LC Paper No. CB(1)436/14-15(01)) Minutes (LC Paper No. CB(1)674/14-15)

Council/ Committee	Date of meeting	Paper
Special meeting of FC for examination of Estimates of Expenditure 2015-2016	30 March 2015	Written questions raised by Members and Administration's replies (Reply serial numbers: FSTB(Tsy)025, 027 and 028 , and ENB 108, 242 and 357)
Panel on Environmental Affairs	27 April 2015	Administration's paper on "Producer Responsibility Scheme on Glass Beverage Bottles" (LC Paper No. CB(1)763/14-15(05)) Updated background brief on "Producer Responsibility Scheme on Glass Beverage Bottles" prepared by the Legislative Council Secretariat (LC Paper No. CB(1)763/14-15(06)) Minutes of meeting (LC Paper No. CB(1)979/14-15)
-	-	Green specifications of the Government green procurement list currently on the website of the Environmental Protection Department

*Date of issuance