

2016 Policy Address and 2016/2017 Budget

Written Submission to Chief Executive from Civic Exchange

18 November 2015

Air pollution and public health

1. Over the past three years, the current administration has made positive steps towards better air quality in Hong Kong, premising on the protection of public health. A number of air pollution reduction plans were rolled out, new regulations were put in place, and financial incentives were provided where appropriate. While it is still early days to see significant improvement, as some of the measures will be implemented in phase, the HKSAR Government has observed encouraging signs over the air quality trends.¹ Concentration levels of sulphur dioxide (SO₂), nitrogen dioxide (NO₂) and respirable suspended particulates (RSP or PM₁₀) in 2014 at the general air quality monitoring stations were lowered by 15 per cent, 9 per cent and 9 per cent, respectively, compared to the 2013 levels. At the roadside, similar trends were recorded.²
2. Nevertheless, it is important to note that the current state of air quality, despite the gradual improvement, still falls short of Hong Kong's Air Quality Objectives (AQOs) with respect to several air pollutants, and has a long way to go to reaching the standards recommended by the World Health Organization under its Air Quality Guidelines. This is not a target that can be achieved overnight, but should always remain as Hong Kong's long-term goal.

Air quality objectives

3. Civic Exchange therefore reiterates the importance and urgency of reviewing Hong Kong's AQOs, as an opportunity to re-visit new scientific knowledge about air pollution and health, to further tighten our air quality requirements according to societal aspiration, and to drive change in people's behaviour and business practices that would contribute to better air quality.

Ship emissions

4. In 2013, ships remained the largest local source of air pollution in Hong Kong, accounted for 50 per cent of SO₂, 31 per cent of nitrogen oxides (NO_x), 36 per cent of PM₁₀ and 42 per cent of fine suspended particulate (FSP or PM_{2.5}).³
5. In view of the substantial contribution of ship emissions to territory-wide air pollution, and hence the adverse impact on human health, Civic Exchange strongly commends the passage of the Air Pollution Control (Ocean Going Vessels) (Fuel at Berth) Regulation, which became effective from 1 July 2015. This is a milestone achievement in ship emission control policy for Hong Kong, making Hong Kong the first in Asia to regulate ship emissions by law.
6. In order to support the shipping industry for complying with the new 0.5 per cent sulphur content fuel requirements, the Government extended the Port Facilities and Light Dues Incentive Scheme to March

¹ Information Services Department, "Air quality improving", 24 February 2015, Hong Kong: HKSAR Government, http://archive.news.gov.hk/en/categories/environment/html/2015/02/20150224_150210.shtml (accessed 13 November 2015).

² Environmental Protection Department, *Air Quality in Hong Kong 2014*, EPD/TR 1/15, Hong Kong: HKSAR Government, http://www.aqi.gov.hk/api_history/english/report/files/AQR2014e_final.pdf (accessed 13 November 2015).

³ Environmental Protection Department, *2013 Hong Kong Air Pollutant Emission Inventory*, EPD/TR 2/14, June 2015, Hong Kong: HKSAR Government, http://www.epd.gov.hk/epd/sites/default/files/epd/2013EIReport_eng_1b.pdf (accessed 13 November 2015).

2018. While Civic Exchange agrees that the incentive scheme extension may reduce the likelihood of ocean going vessels switching to neighbouring port with less stringent fuel requirements, the scheme will do little to drive further improvement in the shipping sector.

7. To create a win-win scenario, Civic Exchange therefore urges the Government to modify the current blanket incentive scheme with a stratified scheme, in which on top of a standard level of financial support for basic compliance, additional rebate would be awarded to shipping companies who are using 0.1 per cent sulphur fuel.
8. Looking beyond at berth fuel switching, Civic Exchange wants to reaffirm the establishment of an emission control area (ECA) in the Pearl River Delta (PRD) region as the best long-term option for ship emission control. The merits of establishing an ECA, including significant reduction of air pollutant emissions and hence improvement in public health, are well established in scientific research and strongly supported by key stakeholders in the public and private sectors. To move forward with this idea, the Government should provide support in research, as well as work closely with its regional counterparts towards uniform emission standards and fuel requirements for vessels operating in the PRD prior to the PRD ECA. This would provide a level playing field across the region for the shipping and port sector, hence avoiding unnecessary competition.
9. Meanwhile, Civic Exchange asks the Government to identify intermediate measures, with incentive and policy support where appropriate, as a means to further control and reduce ship emissions before the PRD ECA.
10. For example, the Government should dedicate more financial resources and administrative support in developing alternative fuels and encouraging the investments in technologies, such as subsidising the early adoption of new technologies like liquefied natural gas (LNG), setting up regulations and standards for the use of fuels and technologies, and offering permits for alternative fuel storage.
11. Another example is for the Government to fully examine the cost-effectiveness and feasibility of adopting different emission reduction technologies and international best practices in Hong Kong, such as on-shore power, scrubbers, and vessel speed reduction.

Roadside emissions

12. To better improve the roadside air quality, the Government has rolled out an incentive-cum-regulatory scheme to phase out all pre-Euro IV diesel commercial vehicles (DCVs) by the end of 2019. Civic Exchange welcomes the scheme and the industry's active participation in the first phase of the scheme over the past year.⁴ It exerts a positive impact on curbing roadside pollution from sources and lowers the number of DCVs in Hong Kong. To keep up the momentum, Civic Exchange encourages the Government to further promote the scheme through effort of the Environmental Protection Department (EPD) to owners of public light buses and Euro III vehicles, who are found to have the lowest participation rate at the moment,⁵ in order to speed up the DCVs retirement process and to improve air quality as soon as possible.

⁴ Environmental Protection Department, *Distribution of applications of pre-Euro DCVs for the ex-gratia payment (as at the end of September 2015)*, 14 October 2015, Hong Kong: HKSAR Government, http://gia.info.gov.hk/general/201510/14/P201510140362_0362_153586.pdf (accessed 30 October 2015).

⁵ Environmental Protection Department, *Progress of Phasing Out Pre-Euro IV Diesel Commercial Vehicles*, CB(1)37/15-16(03), 26 October 2015, Hong Kong: HKSAR Government, <http://www.legco.gov.hk/yr15-16/english/panels/ea/papers/ea20151026cb1-37-3-e.pdf> (accessed 30 October 2015).

13. Civic Exchange is also delighted to learn that the EPD is planning to tighten emission standards of newly registered motor vehicles to Euro VI level and motor cycles and motor tricycles to Euro IV level in 2016 and 2017 respectively. Civic Exchange fully supports such initiative as a step forward to further reduce roadside pollution.
14. In terms of on-road emission inspection, EPD has deployed mobile remote sensing equipment to spot out excessive emitters since 1 September 2014. Civic Exchange recognises EPD's hard work in screening about 560,000 petrol and liquefied petroleum gas (LPG) vehicle counts and issuing 3,800 Emission Test Notices (ETNs) during the first year of implementation,⁶ as this scheme helps owners develop the habit of proper vehicle maintenance and repair. Since NO_x emission is measured only in EPD's remote sensing scheme but not in Transport Department's (TD's) annual vehicle examination, vehicle owners lodged complaints about the inconsistent emission standards adopted by EPD and TD, and subsequently the Ombudsman began an investigation on the issue.⁷ Civic Exchange argues that devising a standardised emission testing is the way to go, and notices that TD and EPD are jointly studying the feasibility of applying dynamometer-based emission test, which includes NO_x measurement, for licence renewal of taxis and light buses during annual examination.
15. Given Civic Exchange's long-term interest and knowledge in this area, we understand that there will be financial difficulties and space constraints in the full implementation of new testing arrangement in the short run. We therefore asks the Government to review the needs and benefits of allocating more budgetary and land resources for dynamometer-based emission test at all vehicle test centres, including those that are currently privately-owned. The standardisation of emission tests would make EPD's new scheme more understandable and acceptable to vehicle owners.
16. In the *2015 Policy Address*, it was announced that three Low Emission Zones (LEZs) will be set up at busy corridors in Causeway Bay, Central and Mong Kok by the end of 2015. Franchised bus companies can only deploy buses with Euro IV emission standard or above in LEZs. Meanwhile, franchised bus companies are subsidised by the Government to retrofit their Euro II and Euro III buses with selectively catalytic reduction (SCR) devices, which could upgrade their emissions performance comparable to Euro IV or above level. While Civic Exchange acknowledges the positive effect of these measures to reduce pollutants emitted from buses, we strongly urge the Government to further expand the LEZs, by means of imposing the same restriction and requirements to other major traffic corridors or different types of vehicles. Accordingly to a recent research report,⁸ it is found that PM_{2.5} concentration levels are also very unhealthy in areas such as Western District, Sheung Wan, Admiralty, Wan Chai, and North Point, but not limited to Causeway Bay, Central and Mong Kok where EPD-administered roadside air quality monitoring stations are in operation.
17. Training and development of inspection and maintenance (I/M) personnel is often an overlooked element in managing roadside air quality. Availability and capability of I/M personnel has a pivotal role in affecting the effectiveness of the I/M programme. To this end, Civic Exchange recommends the Government to vastly invest in the training and development of I/M expertise, in order to handle the increasing demand for advanced maintenance work in the future. In addition, the Government should study the feasibility of a

⁶ Information Services Department, "Fresh steps set to clear the air", 25 October 2015, Hong Kong: HKSAR Government, http://www.news.gov.hk/en/categories/environment/html/2015/10/20151023_143908.shtml (accessed 30 October 2015).

⁷ The Ombudsman Hong Kong, "The Ombudsman probes Government's implementation of strengthened control of exhaust emissions from petrol and LPG vehicles", press release, 14 April 2015, Hong Kong: HKSAR Government, http://ofomb.ombudsman.hk/abc/files/DI-376-English_Press_Release_Final.pdf (accessed 30 October 2015).

⁸ Ng, S., J. Fung, N.T. Lau and A. Lau., *PM_{2.5} Pollution along the Tramway*, April 2015, Civic Exchange, http://civic-exchange.org/Publish/LogicialdocContent/20150430_tramAIR_en.pdf (accessed 13 November 2015).

mandatory registration scheme for vehicle mechanics, so that the performance and recognition of the industry can be enhanced.

Urban liveability

Sustainable transport options

18. Hong Kong is a city with dense population and compact urban morphology. The development and further expansion of a world-class public transport system has long been a transport policy priority, with railway forming the backbone of the system supported by buses, and with other public transport modes such as minibuses, taxis, ferries and trams playing a lesser complementary role. This strategy was the base of the *Third Comprehensive Transport Study and Railway Development Strategy 2000*, and was once again re-emphasised in the *Railway Development Strategy 2014*.
19. Hong Kong is arguably the highest in the world in terms of public transport usage, with about 90 per cent of our daily journeys made on public transport. As a result, Civic Exchange argues that Hong Kong has huge potential to be developed into a world-class city for walking. As a matter of fact, the first mile and last mile of our public transport journey are usually completed by walking, thus making almost all the public transport patrons a walker.
20. Benefits of walking are manifold. Walking is a zero-carbon, zero-emission and healthy mode of transport. Walking also facilitates social interaction and cohesion, and enhances the sense of community. Better pedestrian environment would increase flow of people, and would have a positive impact on businesses and local economy. Enhanced pedestrian facilities would also make Hong Kong an inclusive, accessible and age-friendly society.
21. Therefore, Civic Exchange strongly recommends the Government to further improve the integration of Hong Kong's public transport system with our pedestrian network and facilities. The same should apply to our cycling network and infrastructure. A "public transport plus" model with integrated pedestrian and cycling networks would certainly extend and enhance the connectivity and accessibility of Hong Kong's public transport network to a greater portion of the population.
22. Transport Advisory Committee's report published in December 2014 on traffic congestion has highlighted a number of short-term and long-term measures to address the deadlock.⁹ While Civic Exchange agrees with the essence of the recommendations, we want to stress the importance of transport demand management as the best means to tackle traffic congestion. To this end, Civic Exchange once again urges the Government to re-visit the application of congestion charging in Hong Kong, and to kick-start a comprehensive study on parking management strategy as soon as possible. In particular, the latter should not just review the current supply and demand of parking spaces and on-street parking charges, but also explore the broader use of parking as a tool to manage transport demand and travel behaviour.

Public open space

23. Public open space is usually treated as a low priority and was not mentioned in the previous policy address. Nevertheless, it is a major component of urban liveability and wellbeing. Following the Phase 1 and 2 public engagement exercises on establishing a Harbourfront Authority in 2014, no further steps were taken

⁹ Transport Advisory Committee, *Report on Study of Road Traffic Congestion in Hong Kong*, December 2014, Hong Kong: HKSAR Government, http://www.thb.gov.hk/eng/boards/transport/land/Full_Eng_C_cover.pdf (accessed 13 November 2015).

during the past year. Civic Exchange urges the Government to establish a Harbourfront Authority to bring unified management and placemaking sensibilities to Victoria Harbour in order to create a world class waterfront. As open green space is in short supply in the crowded coastal built-up areas around the harbour, “blue space” should play an important compensatory role in promoting residents’ physical and mental health.

24. Civic Exchange hopes for the Tsim Sha Tsui-Hung Hom Waterfront to be revitalised into a green and vibrant destination for both locals and visitors. However, the public’s trust must be reestablished regarding arrangements for its renovation and management by New World Development. Civic Exchange recommends that the management contract should be reviewed periodically, say every 3 years in order to assure quality, and that the waterfront be turned over to the Harbourfront Authority when it is established.

Energy policy and climate change strategy

25. In 2014-15, the Government completed its public consultation on the future of fuel mix for electricity generation (March 2014) and the future development of electricity market (March 2015), and published its blueprint on energy saving (May 2015), as well as released its report on climate change (November 2015).
26. Civic Exchange expects the Government to provide an update in the upcoming policy address on the timeline of releasing specific proposals on the future contractual arrangement with the power companies and how the Government will engage the community in 2016 to chart the city’s energy policy.¹⁰
27. Understanding the fact that the reliability of electricity supply is of crucial importance to Hong Kong, both in terms of short-term reliability and long-term availability of fuel imported to Hong Kong, Civic Exchange would like to take this opportunity to reiterate the importance of optimising the four often competing policy objectives, namely, safety, reliability, environmental performance and affordability, when formulating the city’s energy policy.
28. Civic Exchange believes that the Government should keep an open mind when considering low-carbon energy options for the city and these options include natural gas and nuclear power. When considering natural gas, the Government should explore ways proactively to improve gas security since Hong Kong currently relies on one single source for gas supply. Diversification of energy sources will enhance the city’s energy security, especially the Government is considering increasing the use of natural gas in the fuel mix. Civic Exchange also sees the need for the Government to encourage a wider use of natural gas in Hong Kong, such as to the transport sector, to facilitate emissions reduction.
29. While appreciating the Government’s efforts in releasing the report on climate change before COP21 in early November 2015, it is only an account of Hong Kong’s climate actions prior to COP21 in Paris. Civic Exchange would like to highlight that it is important for the Government to show commitment to a long-term carbon intensity reduction through taking efficient “command and control” measures to limit carbon emissions in Hong Kong, as well as the need for the Government to chart a climate policy. The Government has promised to engage the community in 2016 in dialogues on the issues. Civic Exchange believes that the Government should state in the upcoming policy address how they will approach it.

¹⁰ Legislative Council Panel on Economic Development, *Future Development of the Electricity Market*, November 2015, Hong Kong: HKSAR Government, <http://www.legco.gov.hk/yr15-16/english/panels/e/dev/papers/e/dev20151123cb4-217-3-e.pdf> (accessed 18 November 2015).

Nature conservation

30. Civic Exchange welcomes government-led initiatives such as the Biodiversity Festival in promoting the values of Hong Kong's biodiversity to the public. Such informative and enjoyable methods for public outreach should be further developed in partnership with the thriving community of civic groups and conservation NGOs. These groups are particularly efficient in reaching different sectors of society, but their biodiversity outreach work needs more financial support from the Government. This could be realised through greater financial commitments to existing funding sources such as the Environment and Conservation Fund, or development of a new, dedicated small-grants scheme to fund biodiversity-related projects. If the Government is committed to increasing public awareness, the development of a year-round programming of awareness raising activities needs to be supported. The Government's investment in increasing the range, scope and scale of such activities is vital to achieving this.
31. Other than awareness building activities, progress on the development of Hong Kong's Biodiversity Strategy and Action Plan (BSAP) has been lacklustre, and it is unfortunate that Hong Kong is unlikely to meet its promise in the *2015 Policy Address*, and the international Aichi Biodiversity Target, of a completed BSAP by the end of 2015. To make up for lost time, the Government should prioritise work on developing BSAP in 2016, beginning with a thorough public consultation in the early parts of the year. Civic Exchange supported the participatory approach that the Government took in 2013-14, and strongly recommends that this approach be sustained to complete the development of the BSAP and its eventual implementation, in line with the principles of the Convention on Biological Diversity. Involvement of civic groups and conservation NGOs, and greater transparency in the process of developing BSAP, is necessary for the plan to be widely supported.
32. The debate about the need for housing and other infrastructure versus the conservation of Hong Kong's natural resources has led to questions about allowing housing development in country parks. Such suggestion operates against a "presumption against new development", as stated in the Country Parks Ordinance. No other policies or mechanisms have served to safeguard the natural environment in Hong Kong against development as effectively as country parks. This inherent principle of country parks need to be upheld, given the park network's value in supporting people's well-being within the city.
33. The *2015 Policy Address* had promised better protection of marine ecosystems, and the proposed South West Lantau and Soko Island Marine Parks are a good step in the right direction. To ensure the comprehensive protection of marine organisms and ecosystems, Civic Exchange recommends that the Government adopt a systematic conservation planning approach to assess the ecological value across Hong Kong's waters, and to develop a plan to systematically protect key marine ecological sites.
34. The Government's plans for further development on greenfield sites must be tempered and informed by thorough assessment of their existing ecological value. It is particularly concerning that sites zoned as green belts are being seriously considered for development. Green belts often act as buffers between developed and ecological areas, and also connect distant ecological areas together. Hence the value of green belts needs to take into account the ecological value of its adjacent areas, particularly if it is connected to sensitive areas in country parks or other conservation zones. Civic Exchange recommends a systematic conservation planning approach that takes into account not only the ecological value of a site, but how it compares with other sites across Hong Kong. Such city-scale assessment is essential before sites for development can be suitably identified.

Heritage Conservation

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35. Civic Exchange was disappointed by the policy recommendations contained within the Report on the Policy Review on Conservation of Built Heritage released in December 2014.¹¹ While some of the recommendations contained therein represented a good first step forward, such as consolidating and scaling up incentive schemes for maintenance, reviewing the Buildings Ordinance to facilitate adaptive reuse, reviewing the public access requirements attached to maintenance subsidies, and setting up a heritage fund for public education and research, the lack of urgency means that the status quo will remain for the foreseeable future, resulting in the continued attrition of Hong Kong's dwindling stock of privately-owned heritage buildings.
36. Civic Exchange strongly urges the Government to take immediate action on setting up a statutory grading system to give legal protections to graded historical buildings.¹² Civic Exchange also urges the Government to formalise a system of land exchanges which can include land on non-adjacent sites to provide owners with a strong economic incentive not to demolish their buildings.
37. Civic Exchange also cautions the Government against relying on plot ratio incentives to promote heritage conservation. Unless the sites involved are large enough to accommodate both the preservation of existing buildings and adjacent new developments, the use of plot ratio relaxation will produce superficial projects which only preserve facades.
38. Civic Exchange also encourages the Government to move forward quickly on studying strategies to preserve historical clusters in a "line" and "plane" approach.

Small house policy

39. The previous policy address did not mention the Small House Policy and no progress was made towards addressing the policy within the last year. Yet, the Small House Policy has a major impact on Hong Kong's land use sustainability – a conservative estimate by Civic Exchange suggests that there may yet be 86,000-92,000 claimants who are waiting for approval to build a small house or who intend to file an application to do so.¹³ These additional claimants will require 11-12 km² of additional land, which will exceed the existing village zones. The number of eligible males will only grow as time goes on.
40. The same research by Civic Exchange has found that 79 per cent of the population thinks that the Government should review the Small House Policy before 2017. Civic Exchange strongly recommends the Government to restart a review of the Small House Policy immediately and to draw up a comprehensive development plan for the New Territories.
41. Civic Exchange's research shows that usual public consultation methods on New Territories issues are dominated by indigenous villagers and their relatives, and as a result give the Government a skewed view of public opinion. The Government should deliberately engage different stakeholders in a facilitated dialogue aimed at building consensus. Civic Exchange's research shows that while the views of Small House rights holders and the general public widely diverge, there are some areas with potential for common ground.

¹¹ Antiquities Advisory Board, *Report on the Policy Review on Conservation of Built Heritage*, December 2014, Hong Kong: HKSAR Government, http://www.builtheritagereview.hk/common/docs/AAB_Report_e.pdf (accessed 17 November 2015).

¹² Civic Exchange, *Submission to Public Consultation on Conservation of Built Heritage in Hong Kong*, 31 July 2014, <http://www.civic-exchange.org/en/publications/4816923> (accessed 17 November 2015).

¹³ DeGolyer, M. E., Lao, M. M. L. & Lai, C., *Small houses, big effects: public opinion survey on the small house policy* (summary report), 18 May 2015, Civic Exchange, <http://www.civic-exchange.org/en/publications/166723600> (accessed 17 November 2015).

42. For example, the Government should prohibit Small House applications by applicants who have not lived in Hong Kong continuously for the last seven years. The Government should also strongly consider imposing a moratorium on the resale of small houses to non-indigenous residents, reserving village house for indigenous villagers. There is also a majority of support from both villagers and the general public to construct high-rise housing on village land. Civic Exchange also recommends that the Planning Department allow no further expansion of village zones from now on.

Waste management

43. Although the Government announced some encouraging waste management measures in the *2015 Policy Address*, there is still a long way to go to reduce waste and to improve Hong Kong's recycling rate. Hong Kong still produces 1.35kg per person per day of municipal solid waste,¹⁴ which is high by international standards, and the proportion of municipal solid waste recycled stood at around 37 per cent in 2014.¹⁵
44. While it is encouraging that the Government has introduced a recycling fund to help the recycling industry to upgrade, there is still much work to be done to increase recycling rates, especially regarding plastic waste which has a low resale value. To provide the public with a financial incentive to recycle plastics, the government should pilot a bottle deposit and return scheme through major grocery retailers and convenience stores.
45. Beyond that, policy needs to focus much more on reduction at source. Civic Exchange's early 2015 research on bottled water consumption and plastic waste has found that there is a common misconception that there is no environmental impact for using disposable products as long as they are recycled.¹⁶ Civic Exchange recommends more extensive public education to promote reduction before recycling.
46. Civic Exchange's research found that environmental concern was very weakly associated with bottled water consumption, and that it was driven primarily by convenience impulse buying. At the time, concern about water quality was not a major factor. After news of lead contamination of tap water surfaced, we can expect to see a rise in health-motivated bottled water consumption. In order to reduce this unnecessary plastic waste, the Government should promote and incentivise the installation of high quality filtered water dispensers in prominent locations such as housing estates, MTR stations, bus terminuses, shopping malls, and municipal building entrances. Increasing the convenience of using reusable bottles would also encourage people to bring their own bottles rather than purchase water from convenience stores while on the go.

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¹⁴ Environmental Protection Department, "Data and Statistics – Hong Kong Waste Treatment and Disposal Statistics", 13 October 2015, Hong Kong: HKSAR Government, http://www.epd.gov.hk/epd/english/environmentinhk/waste/data/stat_treat.html (accessed 16 November 2015).

¹⁵ Ibid.

¹⁶ Lai, C & Lao, M., *Reducing plastic waste in Hong Kong: Public opinion survey on bottled water consumption and attitudes towards plastic waste* (full report), 28 April 2015, Civic Exchange, <http://www.civic-exchange.org/en/publications/4816975> (accessed 17 November 2015).