

Finance Committee Speech by SEN at the FC Special Meeting (2017-18)

Chairman,

1. I would like to brief Members on the part of the Estimates relating to the Environment Bureau (ENB) and the key foci of our work in the new financial year.
2. In the 2017-18 financial year, ENB and departments under my portfolio are allocated with about \$14.8 billion, which is about 11.8% or \$1.6 billion more than the revised estimate for 2016-17. Of the total allocation, recurrent expenditure accounts for about \$8.6 billion, up \$958 million or 12.6% from the revised estimate for 2016-17. The additional allocation is mainly for taking forward various initiatives including formulation of the Municipal Solid Waste Charging scheme, operation of Community Green Stations, implementing the Producer Responsibility Schemes and initiatives in relation to energy efficiency, implementing the first Biodiversity Strategy and Action Plan (BSAP) for Hong Kong, taking forward measures to keep shorelines clean, handling public fill and meeting the operation fees of various additional waste facilities. As regards the number of posts, there will be a net increase of 26 posts in the ENB and the Environmental Protection Department (EPD) in 2017-18.
3. In addition, provision for projects under Capital Works Reserve Fund, non-recurrent expenditure and capital account in 2017-18 is about \$6.2 billion, representing a net increase of \$604 million or 10.8% over the revised estimate for 2016-17. The increase is mainly for continuing various non-recurrent projects including the “Ex-gratia payment for phasing out pre-Euro IV diesel commercial vehicles”, “Recycling Fund” and “Retrofitting Euro II and III franchised buses with selective catalytic reduction devices” as well as capital account expenditure for implementing energy saving projects in government buildings.
4. I will now give a brief outline of the work priorities of ENB in the coming year.
5. On combating climate change, the Chief Executive announced in the 2017 Policy Address the new carbon reduction target to reduce our carbon intensity by 65-70% by 2030 compared with the 2005 level, which is

equivalent to an absolute reduction of 26-36% and resulting in a per capita emission of 3.3-3.8 tonnes.

6. Following this, the Government released Hong Kong's Climate Action Plan 2030+, setting out in detail the key measures on mitigation, adaptation and resilience to combat climate change, including measures to further promote energy saving as well as the development of renewable energy. To enhance public understanding, we also released a leaflet, an Announcement in the Public's Interest, short videos, a poster and a new climate change website to raise public awareness of the importance of climate change, and the relevant measures that the Government will undertake itself and in conjunction with various stakeholders. ENB shall continue to coordinate the efforts of various bureaux and departments in implementing the enhanced climate change work plan under the Steering Committee on Climate Change chaired by the Chief Secretary for Administration.
7. The Paris Agreement has highlighted the need for wider promotion of renewable energy (RE). The Government will take the lead to apply RE on a wider and larger scale, and create the conditions to enable the private sector to consider adopting RE. For new government buildings, we will increase the target of RE provision in new schools and educational buildings as well as new open space and public park projects. As for existing government buildings, we will require such buildings undergoing major retrofitting and/or renovation works to seek to incorporate RE technologies if and where technically and financially practicable, and have earmarked \$200 million for provision of RE installations at government buildings, venues and community facilities. Apart from Government projects, we are discussing with the two power companies the introduction of new measures in the context of the new Scheme of Control Agreements (SCAs) to further promote the development of RE in the community.
8. The Energy Saving Plan for Hong Kong's Built Environment 2015~2025+ has set an ambitious target to reduce energy intensity by 40% by 2025 using 2005 as the base. The Government will continue to lead the community by example to achieve this target collectively. We pledged in the 2015 Policy Address to reduce electricity consumption by 5% for government buildings in five years from 2015-16 to 2019-20, using the

comparable operating conditions in 2013-14 as the base. We have completed energy audits for about 350 major government buildings with comparatively high annual electricity consumption to identify energy management proposals, and earmarked at least \$500 million to help the relevant bureaux and departments take forward the energy saving measures identified. As regards the private sector, the Government has established a partnership with major stakeholders in the built environment under the 4Ts framework, namely target, timeline, transparency and togetherness, to operationalise the Paris Agreement. The 4T partners have been encouraged to set their energy saving targets and timelines and to share their existing and planned energy saving measures. The Government is also discussing with the power companies on ways to further promote energy saving in the context of the new SCAs.

9. As regards energy, the current SCAs signed between the Government and the two power companies will expire in 2018. Having considered the views received during the Public Consultation on the Future Development of the Electricity Market conducted in 2015, we are proactively discussing with the power companies new SCAs with a view to improving the terms.
10. In the area of nature conservation, with a view to demonstrating the Government's determination to combat illegal ivory trade and contributing to the global efforts to protect wild elephants, we plan to introduce a legislative proposal to the Legislative Council this year to amend the Protection of Endangered Species of Animals and Plants Ordinance. The legislative proposal will take forward a three-step plan which aims to progress towards a total ban of import and re-export on ivory and phase out the local ivory trade, and increase the penalties under the Ordinance to provide a stronger deterrent against illegal trading of endangered species.
11. The Government announced in December 2016 the first city-level Biodiversity Strategy and Action Plan (BSAP) for Hong Kong which outlines the strategy and actions to be taken in the next five years for conserving biodiversity of Hong Kong. Under my chairmanship, a working group has been set up across policy bureaux and departments to co-ordinate and monitor the progress of BSAP. The Agriculture, Fisheries and Conservation Department will also initiate the procedure to designate Robin's Nest as

country park soon.

12. Improving air quality has all along been one of our key priorities. Apart from ongoing initiatives such as phasing out progressively pre-Euro IV diesel commercial vehicles by the end of 2019, and subsidising the franchised bus companies to retrofit Euro II and III franchised buses with selective catalytic reduction devices, we will also tighten in phases the statutory emission standards for newly registered vehicles from July 2017. Besides, we will review the statutory Technical Memorandum that caps the emissions of the power industry, and are preparing the drafting of the amendment bill to extend the control on cleansing agent of the printing industry and volatile organic compound content of fountain solutions. On pollution from vessels, we have been collaborating with the Guangdong Maritime Safety Administration on establishing in 2019 a domestic emission control area (DECA) in the Pearl River Delta (PRD) waters. To further improve regional air quality, we will continue our cooperation with the Guangdong Province, including completing the review on the attainment of the 2015 emission reduction targets and finalizing the 2020 emission reduction targets with the Guangdong Provincial Government in around mid-2017.
13. In addition, we started reviewing the air quality objectives (AQOs) last year to gauge the feasibility of introducing new practicable air quality improvement measures and the resultant scope for tightening the AQOs. We expect to complete the review in 2018.
14. To further enhance the water quality of Victoria Harbour, we are now focusing our attention on tackling near shore pollution problem subsequent to the commissioning of Stage 2A of the Harbour Area Treatment Scheme. We will construct dry weather flow interceptors in Kowloon and Tsuen Wan and rehabilitate trunk sewers to reduce the discharge of residual pollutants into Victoria Harbour and ameliorate the odour problem of the inshore water. In early 2016, we have also commenced a two-year consultancy study to investigate the specific causes of near shore pollution for identifying further mitigation measures.
15. As to marine cleanliness, relevant departments will further step up their efforts in keeping our shorelines clean with additional resources allocated.

We will also enhance exchange and communication on regional marine environmental protection matters with our Guangdong counterparts through the Hong Kong-Guangdong Marine Environmental Management Special Panel which was set up in 2016.

16. On waste management, ENB is taking forward various initiatives as committed under the Hong Kong: Blueprint for Sustainable Use of Resources to raise public awareness and strengthen community participation to reduce waste at source and promote waste reuse and recovery. We have been actively undertaking preparatory work for implementing municipal solid waste (MSW) charging, and have briefed Members on the proposed implementation arrangements at the Panel meeting on 27 March. We plan to introduce into LegCo the necessary legislation in the first half of 2017. Meanwhile, more than 30 community involvement projects funded by the Environment and Conservation Fund have started in succession to enable the public and stakeholders to experience MSW charging first hand.
17. On implementation of Producer Responsibility Schemes (PRS), we have been carrying out the preparatory work for the two PRSs on waste electrical and electronic equipment (WEEE) and glass beverage containers, which are expected to be implemented in phases in 2017 and 2018. In parallel, we will also commission a feasibility study on how to implement a PRS for suitable plastic containers, mainly those carrying beverages or personal care products.
18. The new construction waste disposal charges will take effect on 7 April this year, and we are preparing the legislation required to mandate the use of a Global Positioning System on construction waste collection vehicles to combat illegal depositing of construction waste.
19. Furthermore, we have been progressively developing Community Green Stations (CGSs) to enhance environmental education in community and support recycling. At present, four CGSs have already been providing services to the public and the CGS in Sham Shui Po is scheduled for commissioning later this year. We will also continue to monitor and enhance the operation of the Recycling Fund to facilitate the recycling industry to upgrade its operational capabilities and efficiencies.

Meanwhile, we have been strengthening food waste reduction at source and stepping up efforts to promote the Food Wise Hong Kong Campaign as committed under the Food Waste and Yard Waste Plan for Hong Kong. The Government will also provide tertiary institutions and primary and secondary schools with suitable support for on-site treatment of food waste, with a view to enhancing the promotion of the “food wise” culture in schools and institutions.

20. On developing environmental infrastructure, the first phase of Organic Waste Treatment Facilities (OWTF) is commissioning in second half of this year to process food waste generated from the commercial and industrial sector and turn it into energy. To tie in with this development, the Government will implement a pilot project to source separate food waste from wet markets and cooked food centres managed by the Food and Environmental Hygiene Department, as well as wet markets and shopping malls managed by the Hong Kong Housing Authority, for delivery to the first phase of OWTF for recycling and recovery. In addition, the tendering of the second phase of OWTF and the first phase of the integrated waste treatment facilities (IWMF) has commenced one after another at the end of 2016. To meet Hong Kong's sustainable development needs up to 2041, we commenced a study for planning of future waste management.
21. As for revitalizing restored landfills, a total of 27 applications for the Batch 1 of the Restored Landfill Revitalisation Funding Scheme were received. The relevant Steering Committee has shortlisted some of the applications for further assessment in accordance with the established procedures and assessment criteria with a view to selecting suitable proposals for development of gainful facilities at the restored landfills.
22. Chairman, we will step up our work in environmental protection in different aspects and engage various stakeholders to combat climate change and build a low-carbon Hong Kong. Thank you, Chairman.