

BEC Submission on 2017 Policy Address “Transitioning to a Low Carbon and Circular Economy”

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Public Consultation

The Chief Executive is to deliver the 2017 Policy Address on 18 January 2017.

BEC has made a submission to the Chief Executive at the end of September 2016 to express members' views on environmental and sustainability related policies for the Government's consideration. The full text is available [here](#).

Summary of BEC Recommendations



(A) To enable Transition to a Low Carbon, Resilient and Competitive Economy: put in place an Ambitious and Comprehensive Action Plan

- 1. Greenhouse Gas Emission targets for 2030** developed to put Hong Kong on track to meet the Paris Agreement objectives, taking on board Mainland China's commitments and the impacts on business and the wider Hong Kong community.
- 2. Enhanced institutional arrangements for addressing climate change:** including clear assignment of goals to each government bureaux/department, regular report on progress to the public, and a standing forum for continued dialogue engaging business, non-governmental organisations, and other key stakeholders.
- 3. Sufficient funding to support public engagement, and business sector's capacity-building** for translating their targets into plans and actions of implementation.
- 4. Multi-pronged approach to supply-side emissions:** covering aspects such as renewable energy generation, optimizing the use of energy from waste facilities, development of Liquefied Natural Gas receiving facilities.
- 5. Enhanced approach to demand-side emissions, especially in increasing Energy Efficiency of the built environment:**
 - (a) For new buildings,** the Government should act swiftly to ensure all are highly energy efficient, through strengthening the impact of the Gross Floor Area (GFA) concession as to energy efficiency by modifying the energy-related pre-requisite; and mandating the Residential Thermal Transfer Value (RTTV).





(b) For existing buildings, the Government should

- establish a public fund to finance existing building owners for energy efficiency retrofit measures identified in Energy Audit. The scheme can be for commercial developments above a specified threshold, with funding to be on a matching basis; whilst excluding large developers.
- provide incentives for property management or energy service companies to invest in energy efficiency retrofit works through e.g. government guaranteeing loan or equity up to a certain level, tax exemptions, grant schemes.
- introduce continuing financial incentives for purchase or rental of high performing buildings, e.g. reduction in stamp duty or government rates.

(c) To stimulate the demand for new and existing energy efficient buildings and enhance the impact of the Energy Audit, the Government should:

- explore introducing a simple rating system for buildings, with the rating linked to Energy Audit results. To support such scheme, measures worth exploring include: public sector committing to only lease, rent or buy buildings of certain ratings, reduction in stamp duty or government rates for high performing buildings.
- compile an anonymized distribution of energy usage levels of buildings within different sectors (e.g. hotels, malls, office blocks, clubhouses) based on data of Energy Audits to facilitate benchmarking of performance.
- require building owners to put in place an implementation plan for the improvements identified in their Energy Audits, backing up by the energy efficiency fund (see 5(b) above).

(d) To promote use of smart technologies by mandating the use of smart electricity meters for all new and replacement meters from 2018, so as to facilitate better energy management, and stimulate customers' behaviour change.

6. Government should address **embodied carbon** through encouraging **sustainability in procurement and supply chain management**, with a focus on construction. Such practices and criteria should be started with Green Public Procurement, and promoted more actively to the business community.



(B) To enhance the Liveability of our City: tighten Air Quality Objectives and ensure a Smart Low Emission Transport System



1. Government should set **ambitious Air Quality Objectives** for the energy and transport sectors, and ensure transparency in the approach of developing these standards.
2. **Enhanced public transport** as the main means of mobility, through introducing more bus priority lanes, continued expansion of the MTR, greater connectivity between modes of transport including connecting walking and cycling routes.
3. **Address congestion and emissions from private vehicles** through:
 - taking forward the proposed pilot **electronic road-pricing system** for Central and, if successful, expand further in the longer term; and ring-fencing the use of funds to improve alternative transport systems.
 - continuously improving **pedestrian and cycling facilities in built-up areas**.
 - **modifying the First Registration Tax waiver for Electric Vehicles (EVs)**, due to expire in March 2017, to provide incentives for the purchase of cleaner private vehicles.
 - **installation of EV chargers in existing residential buildings**: in the short term, provide incentive to encourage owners committees to do so; in the medium term, allow owners to install EV chargers for their parking spaces subject to health, safety and technical feasibility considerations.

4. **Enable a transition to low emission buses, trucks and non-road mobile machineries** (used in e.g. construction sites, airport). Support the use of **low carbon biofuels** made from locally sourced waste cooking oils and other organic waste, through e.g. requiring government contracted vehicles to use blended fuel, and further follow through with the industrial sector.
5. Set up a Low Emission Transport Working Group, tasked with **developing a 5 to 10-year roadmap for the adoption of new technologies** (e.g. EVs, hybrids, renewable fuel vehicles, and hydrogen fuel cell cars) and the supporting infrastructure needed, that suit our high density city whilst giving primacy to public transport, walking and cycling. The group should include a wide range of industry players and some independent parties, and should also come up with proportionate short-term measures.

(C) To Reduce the Impacts of Waste and Optimise Use of Resources



1. In the short term, the Government should take **swift actions to enable the development of waste management industry** through:
 - introducing regulatory measures without delay and at an effective level, e.g. charging schemes on municipal solid waste (MSW) and producer responsibility.
 - removing minor regulatory barriers to waste collection spaces in buildings and for recycling related activities.
 - introducing minimum requirements for recycled materials into the Government's Green Procurement standards, and promoting this approach more widely.
 - support greater local use of diesel blended with biodiesel, sourced from local waste cooking oil.
 - exploring the setting up of an ecolabel provision for local recycled products.
2. In the medium term, the Government should establish a **cross-departmental Circular Economy Taskforce** to formulate an action plan and policy framework to support a circular economy. With representatives from Government departments, waste management experts, business and academia, the Taskforce should have working groups dealing with cross-border collaboration and various sectors, e.g. construction, electronics, food.
3. Setting up a **circular economy innovation fund** for businesses experimenting with new business models or waste reduction pioneering innovations. It can be financed from the funds from MSW charging and/or the Innovation & Technology Fund.
4. **Firm enforcement against illegal dumping of waste**, especially related to marine water, beaches and rural areas.

(D) To Strengthen Hong Kong's position as a Centre of Green Finance and a Centre of Excellence for Responsible Investment and Business in the Region



1. Government should work with the business and financial services sectors to develop a **simple set of sector specific metrics related to Environmental, Social and Governance (ESG) issues**, so as to make reporting of ESG impacts/risks comparable, and therefore, actionable by investors.
2. Streamline the **Carbon Repository database**, and open to all companies — listed or otherwise — to log relevant data, so as to facilitate businesses benchmarking their performance, and make the information useful for investors and other third parties.
3. Turn the Financial Services Development Council's **Green Finance Working Group** into a standing group with broader representation from the wider business community.
4. Support **training and capacity-building** regarding assessment of environmental impact and wider ESG risks, covering also issuing of Green Bonds.
5. Develop a **label system to embed high standards in Green Finance**, so as to strengthen Hong Kong's expertise and credibility in this field.



**(E) To secure Hong Kong's Long Term Development and Social Well-being:
embed Principles of Sustainability and Nature Conservation
into Planning Policies and Development Strategies**

1. Government should adopt a **Natural Capital valuation approach** in making decisions on development strategies and plans. Guidance should be developed to enable a clear assessment of impacts on natural capital, demands on resources, and the social and economic benefits in the process of decision consideration.
2. Keep reviewing the **Environmental Impact Assessment process** to ensure reflecting the above approach and giving the public the assurance.
3. Create **certainty for business** through ensuring clear criteria for zoning and designation of protected land, so as to enable business making informed investment decisions.
4. Take on board **climate risks of various fronts** in developing planning policies, so as to ensure Hong Kong adapts to, and is resilient to, climate change.
5. Put in place the Harbourfront Authority without delay to **develop the harbourfront** as a world-class asset.

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About Business Environment Council Limited 商界環保協會有限公司

Business Environment Council Limited ("BEC") is an independent, charitable membership organisation, established by the business sector in Hong Kong. Since its establishment in 1992, BEC has been at the forefront of promoting environmental excellence by advocating the uptake of clean technologies and practices which reduce waste, conserve resources, prevent pollution and improve corporate environmental and social responsibility. BEC offers sustainable solutions and professional services covering advisory, research, assessment, training and award programs for government, business and the community, thus enabling environmental protection and contributing to the transition to a low carbon economy.

2/F, 77 Tat Chee Avenue, Kowloon Tong, Hong Kong
香港九龍塘達之路 77 號 2 樓

T. (852) 2784 3900
F. (852) 2784 6699
www.bec.org.hk



 BEC Website



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