

# Highlights of the October 2017 Chief Executive Policy Address

BEC is pleased to note the continued emphasis on environmental protection and a transition to a low carbon economy in the CE's initial policy address given on 11 October.

We are also pleased to see that many of the recommendations we have made are reflected in the Policy Address. We would like to draw our members' attention to the following points in particular:

- Provision for stronger cross-bureaux/department co-ordination.
- Emphasis on the importance of action on climate change – mitigation, adaptation and resilience.
- Some enhancement of policy on existing buildings and new buildings.
- Proceeding with MSW charging without delay.
- Exploring the development of a local manufacturing industry to use recycled materials, in effect applying Circular Economy principles.
- Enhancement of urban green spaces, through studying potential from revitalizing nullahs as well as enhancing the harbourfront.
- Policy framework to use brownfield land in an optimal way.
- Support for green finance as a means of promoting sustainable economic development.

There are some areas on which we hope to see further development of a supporting policy framework in the near future:

- (a) Transitioning to ultra-low emission vehicles, electric vehicles and hybrids across the range of vehicle types, considering the huge potential and benefits of their usage in Hong Kong.
- (b) Retrofitting of existing buildings in Hong Kong, having regard to the set of measures we put forward including obligations for implementation plans, sufficient funding and property rating schemes.
- (c) Enhancing corporate transparency requirements and supporting responsible investment that takes into account climate risk and other environmental considerations.
- (d) Transitioning towards a circular and resource efficient economy.

BEC looks forward to continuing to work with the Government to seek ways to enhance the policy framework in relation to environmental protection and the transition to a low carbon economy, as well as to support effective implementation. We also plan to continue to work with business to support the work of the Government such as on the "4 T's" approach of supporting business set targets and timelines on carbon reduction.

## Climate Change and Energy

### Highlights from the Policy Address:

- Central Policy Unit transformed into Policy Innovation and Co-ordination Unit: responsible for policy research and innovation, coordination across bureau/departments, and enhancing public participation.
- Chief-Secretary to steer bureau/departments on climate change mitigation, adaptation and resilience.
- Details of the Feed-in Tariff, Renewable Energy Certificates Schemes, and other energy-saving initiatives under the new Schemes of Control Agreements (SCAs) to be announced in 2018.
- Promote energy efficiency through power company funds and programs, and expand the existing energy efficiency funds and energy saving loan funds.
- Regular carbon audits by bureau/departments and to explore RE facilities at government sites, including implementation of largescale floating solar photovoltaics (PV) over reservoirs and of rooftop PV.
- Continue review of the gross floor area concession to promote green buildings in the private sector.

### BEC's Recommendations:

- Enhance coordination across government on climate change.
- Support actions by businesses in line with the "4Ts Charter".
- Ensure Feed-in-Tariff rates are sufficient to incentivize RE.
- Introduce a set of policies to support existing building retrofits, raise standards for new buildings, and introduce a smart grid.
- Support low carbon construction, with a focus on embodied carbon.



## Air Quality & Transport

### Highlights from the Policy Address:

- Review of Air Quality Objectives, engaging the community and stakeholders, to be completed in 2018.
- As part of achieving smart mobility, the Government will:
  - Develop an "all-in-one" platform for walking, driving, public transport and real-time information.
  - Starting 2019, install parking meters that provide real-time vacancy information.
- Continue to enhance public transport system, including increasing maximum seating capacity of light buses and launching taxi "online-hailing" features.
- Continue expansion of the railway service, with new lines planned and developed incrementally. By 2021, the railway network will cover areas inhabited by 70% of the population.
- Trialing E-buses and improving the charging infrastructure.
- Foster pedestrian-friendly environment through measures such as:
  - Providing of covers for walkways.
  - 2 pilot studies on innovative measures for a comfortable walking environment.
  - Reviewing the assessment mechanism for hillside escalator links and elevator systems projects.
- Promote cycling through improving and continuing to develop cycle tracks and cycle parking facilities in new towns; 100 sites to be improved by end 2018.

- Organize a multi-stakeholder exchange session in 2018 for different stakeholders in the public transport sector to improve and increase efficiency of the public transport ecosystem.
- Mandate vessels in Hong Kong waters to use low sulphur fuel starting in 2019.
- Consider pilot schemes for local ferries and government vessels to adopt green technologies to reduce emissions.

**BEC's Recommendations:**

- Integrated approach to reduce emissions from transport & logistics, including tightening up AQOs, speeding up transition to E-buses, and using taxes/incentives to support low emission private vehicles.
- Improve bus provision through bus lanes and bus priority junctions.
- Support walking & commuter cycling.
- Develop a roadmap for transitioning to a Smart City with low emission vehicle types and practices.
- Further action to reduce emissions from local vessels and shipping, including an incentive scheme.

Circular Economy: Optimizing Use of Resources



**Highlights from the Policy Address:**

- Refining MSW charging implementation arrangements; will introduce bill to LegCo shortly.
- Launch Government public education program to support waste reduction at source and clean recycling.
- Establish Food Waste Recycling Group within EPD to implement source separation and collection of food waste, to study and formulate new food waste regulatory measures.
- Develop the Organic Resources Recovery Centre Phase 3 tender to increase food waste recycling.
- Introduce service to centrally collect waste plastic bottles for delivery to recyclers.
- Introduce schemes under the Recycling Fund to address the needs of the recycling industry, including:
  - \$20 million for the industry to secure plastic waste processing facilities.
  - \$50 million for recyclers to purchase compactor trucks for collecting recyclables efficiently.
- Study feasibility of supporting the development of a local manufacturing industry that uses recycled materials.

**BEC's Recommendations:**

- Establish a taskforce to carry out a study and prepare an action plan for a circular economy.
- Implement key measures swiftly: MSW charging, ensuring sorting and transportation systems.
- Create demand for products made from recycled materials and for reused goods.

Urban Planning: a Smart and Sustainable City



**Highlights from the Policy Address:**

- CE to chair internal Steering Committee on Innovation and Technology to steer measures in areas of innovation and technology development and Smart City, and ensure inter-bureau collaboration.
- Government will develop innovation and technology in eight major areas including increasing financial resources for R&D, removing outdated legislative and regulatory provisions that impede innovation, opening up government data, and exploring including innovation provisions in procurement standards.
- Study and formulate measures to rehabilitate fallow agricultural land and curb the damage to agricultural land or

alteration of agricultural land to incompatible use.

- Establish a Countryside Conservation Office to coordinate conservation projects for sustainable development of countryside, with \$1 billion earmarked for the conservation and revitalization works.
- Expand the Energising Kowloon East initiative, focusing on enhancing connectivity, improving the environment, and promoting vibrancy and diversified development.
- Formulate a policy framework to tackle brownfield sites in a holistic manner with objective of optimizing land utilization, supporting development of local industry, and improving the rural environment.
- To facilitate the transformation of industrial buildings and releasing land resources, the Government will explore revitalization schemes for industrial buildings to encourage redevelopment or conversion.
- Evaluate the revitalization potential of nullahs to provide a greener environment e.g. Tsui Ping.
- Partnering with the Harbourfront Commission, the Government will activate the harbourfront through providing harbourfront sites for events or facilities.

#### **BEC's Recommendations:**

- Enhance policies for protecting land of high ecological, leisure or landscape value, including embedding natural capital and carbon foot printing approaches within decision-making.
- Foster a culture of innovation and trial new technologies.
- Review public procurement processes to support innovation.
- Prioritize brownfield development.
- Make the most of Hong Kong's green spaces including along waterways
- Put in place structures needed to capture the benefits of Hong Kong's harbourfront.

## Responsible Investment and Robust ESG Reporting and Practice



#### **Highlights from the Policy Address:**

- Explore Government issuing green bond in the next financial year, and encourage the establishment of green bond certification schemes, to demonstrate the Government's commitment to sustainable development.
- Pursue the bill to end the ivory trade, and to follow the common international practice of offering no compensation to the ivory trade.

#### **BEC's Recommendations:**

- Enhance transparency by building the Taskforce for Climate-related Financial Disclosure guidance into HKEx ESG Code.
- Support investments in sustainable companies and bonds through incentives and green MPF funds.
- Capacity-building as to green bonds, and consideration of incentives for investing in green bonds.
- End the domestic trade in ivory with no compensation.
- Government to report back against UN SDGs on a regular basis.

#### **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.