



Yesterday, BEC's Board met with Secretary for the Environment, Mr KS Wong, for a dialogue relating to BEC's annual policy submission to the Chief Executive. This is to inform the Chief Executive's Policy Address in October 2018. BEC has submitted its policy recommendations under the theme: Hong Kong's long-term decarbonisation strategy, relevant to its requirements under the Paris Agreement.

BEC's recommendations relate not only to the challenge of climate change, critical for our city's resilience, but also to improving Hong Kong's air quality and reducing the pressure on our land space and marine environment from our current model of "make-take-dispose" in waste management. Also highlighted are the opportunities in green finance, from a greener Greater Bay Area, and key steps for making Hong Kong an even smarter city.

For more details, please see our [full policy submission document](#).



1. Climate Change Strategy

- Publish a clear vision of the 2050+ Hong Kong economy and infrastructure with evidence-based targets
- Fully involve the business sector in developing strategies
- Coordinated programme with each bureaux/department to monitor, manage, and report progress



2. Buildings Energy Efficiency

- Develop and publish aspiration targets for buildings energy efficiency for 2030 and 2050
- Enable benchmarking of performance by developing an improved set of Energy Utilisation Index (EUI) benchmarks
- Strengthen the thermal transfer values (OTTV/RTTV) and increase the impact of GFA concession on energy efficiency



3. Transport and Logistics

- Introduce a roadmap to accelerate the shift to electric and hybrid commercial vehicles including buses
- Implement electronic road pricing (ERP) in Central and other congested areas including tunnels without delay, for smart management of usage
- Ensure that environmental sustainability to be put at the heart of the new Marine Strategy



4. Waste and Circular Economy

- Support “eco-designed” products and sustainable consumption
- Establish a financially viable recycling collection and transportation system
- Ensure sufficient and viable Hong Kong-based waste-processing and pre-processing facilities
- Develop waste stream plans for specific products



5. Green Finance

- Encourage high standards for green bonds
- Explore mortgage discounts for energy efficient homes and incentives for corporate green loans
- Establish a Green Investment Fund or Corporation
- Support responsible investment or ESG investing



6. Greener Greater Bay Area

- Support commercialisation of local green products, technologies, and services
- Identify niches areas on which Hong Kong can lead
- Explore ways to support the environmental technology sector



7. Smart Sustainable City

- Set clear goals for the smart city blueprint with emphasis on low carbon transition and environmental protection objectives
- Ensure ease of access to public data
- Support voluntary sharing and visibility of environment-related data
- Develop a simple protocol for standard data formats



8. Harbourfront

- Introduce a strategic masterplan for the future harbourfront
- Take forward plans for a route along the harbourfront for walking, cycling, social and leisure activities
- Ensure new harbourfront developments to be carefully assessed for their carbon emissions and designs to exemplify environmental excellence

1. Climate Change Strategy



Background

- Paris Agreement: keep temperature rise below 2°C; ratchet up country commitments every 5 years.
- HK Climate Action Plan 2030+: aim to reduce carbon intensity by 65-70% by 2030, mainly through reduced coal-fired generation but also action on buildings and transport.
- Task Force on Climate-related Financial Disclosures (TCFD) recommends businesses develop strategies and targets to address risk from the changing situation.

Our Recommendations

- Publish a clear vision of the 2050+ Hong Kong economy and infrastructure with evidence-based targets. The plan should include:
 - A cost-effective transition plan: developed using a “marginal abatement cost curve” methodology;
 - Interim and final targets; and
 - A clear and specific resilience and adaptation plan.
- Fully involve the business sector in developing strategies and targets by:
 - Holding a series of Government – Business meetings; and
 - Supporting business in developing strategies and setting targets aligned with the Paris Agreement
- Ensure a co-ordinated programme of action with each bureaux/department: assessing their policies with regard to climate risk and impact, having an action plan with KPIs, and reporting progress.

2. Buildings Energy Efficiency



Background

- Commercial and residential buildings are responsible for 62%¹ of Hong Kong’s total carbon emissions in 2015.
- Energy utilisation of offices and private residential buildings has roughly stayed the same since 2009².
- Government is working to deepen Energy Saving in Existing Buildings in Hong Kong through its ‘4Ts’ Partnership.

¹ From EMSD [Energy End-use Data](#) and ENB [Greenhouse Gas Emissions by Sector](#).

² Calculated using data from EMSD [Energy End-use Data](#) and RVD [Hong Kong Property Review](#)

- BEC's has undertaken a study and developed a calculator to help identify energy/carbon savings and payback periods from technologies – see our [Energy Efficient Retrofits Guide and Calculator](#).
- BEC is currently undertaking a comparative analysis of energy efficiency policies.

Our Recommendations

- Develop and publish aspirational targets for buildings energy efficiency for 2030 and 2050 with a set of simple, easy-to-understand metrics like absolute energy usage or per area energy usage, rather than the GDP-related energy intensity reduction targets.
- Enable benchmarking of performance by developing an improved set of Energy Utilisation Index (EUI) benchmarks, building upon the Buildings Energy Efficiency Ordinance energy audit requirements. To ensure accurate, comprehensive, and up-to-date information covering both shared areas/services and tenanted areas.
- Strengthen the thermal transfer values for new buildings (OTTV/RTTV), and increase the impact of gross floor area (GFA) concession on energy efficiency through a link between GFA concession levels and meeting high energy performance requirements. For example, linking the concession to BEAM Plus Gold standards.

3. Transport and Logistics



Background

- Road Transport and navigation sectors are responsible for approximately 50% of Hong Kong's NO_x emissions, 50% of RSPs, and 55% of RSPs in 2016³.
- In 2015, transportation was responsible for 18%⁴ of Hong Kong's total GHG emissions.
- The HKSAR Government's Clean Air Plan for Hong Kong shows ambitious plans and some successes.
- We welcome level of ambition and continuing action including in revising AQOs.

Our Recommendations

- Introduce a roadmap to accelerate the shift to electric and hybrid commercial vehicles including buses. To have a focus on those segments of the sector that can swiftly transition, e.g. minibuses, single decker buses, and vans. The government should also develop pilot areas such as in the Lok Ma Chau Loop and Hong Kong Science and Technology Park areas, planning for the necessary infrastructure at the outset.
- Implement electronic road pricing (ERP) in Central and other congested areas e.g. tunnels without delay, for smart management of private vehicle usage and reduce congestion.

³ https://www.epd.gov.hk/epd/english/environmentinhk/air/data/emission_inve.html

⁴ https://www.climate-ready.gov.hk/files/pdf/HKGGHG_Sectors_201612.pdf

- Ensure that environmental sustainability is at the heart of the new Marine Strategy, in particular reducing GHG emissions and other pollutants. Government to cover the transitional costs for ferries and boats to reduce their emissions, considering the social benefits.

4. Waste and Circular Economy



Background

- Hong Kong Blueprint for Sustainable Use of Resources 2013 – 2022; reduce waste by 40% from 2011 to 2022: which has seen introduction of new facilities and PRS schemes. MSW charging is planned but has not as yet been introduced.
- In accordance with the Food Waste & Yard Waste Plan for Hong Kong 2014 – 2022, a waste to energy plant has been built but challenges have arisen such as in relation to logistics.
- Disposal of solid waste at landfills has gone up despite these welcome initiatives with commercial waste increasing by about 30% between 2011 and 2016⁵, and the challenge of managing waste is more severe now that China has banned imports of certain waste streams.

Our Recommendations

- Support “eco-designed” products and sustainable consumption through:
 - Exploring prohibition of products inconsistent with a circular approach, e.g. single-use polystyrene containers and disposable cups, plates, and cutlery;
 - Implementing the producer’s responsibility scheme (PRS) extensively at the right level/rate, in the right order and for a wide range of products, to ensure impact and avoidance of unintended switches to other materials; and
 - Ensuring all products are adequately labelled as to their recyclability.
- Establish a financially viable recycling collection and transportation system:
 - Gradually rebalance the use of land and facilities now used for waste to landfill collection towards a network of recycling collection points and district depots;
 - Government to meet the costs of a reverse gate fee for recyclables delivered to facilities such as at EcoPark or the new Organic Resources Recycling Centre (ORRC), in recognition of the social benefits from better waste management. This should be paid on receipt of waste, compensating at least in part for additional logistics costs; and
 - Introduce a phased approach to mandatory source separation, beginning with requiring source separation of paper, plastics and food (once the ORRC is in operation) in commercial and industrial buildings whilst encouraging this in households.

⁵ <https://www.wastereduction.gov.hk/sites/default/files/msw2016.pdf>

- Ensure sufficient and viable Hong Kong-based waste-processing and pre-processing facilities (e.g. for plastic pelletising). These should be decentralised wherever possible to reduce impacts to logistics and road transport.
 - Restrictions under the Recycling Fund on claiming funds for both land and capex and disallowing operational costs should be lifted.
 - Sites in NDAs and in existing urban areas to be identified and included in zoning, making best use of underground spaces and multi-storey facilities.
- Develop waste stream plans for specific products beginning with construction waste, and, after the ORRC Phase 1 is fully functional, review and refine the current food waste and yard waste plan. These plans should have measurable targets and be developed with a holistic multi-objective approach.

5. Green Finance



Background

- The financial services sector is one of Hong Kong's Four Key Industries, and current global assessments are of a need for US \$90trillion to be invested in green infrastructure by 2030, creating new opportunities.
- The Hong Kong Government has taken steps forward committing to issue green bonds in the amount of HKD\$100 billion and establishing a grant scheme for certification costs.

Our Recommendations

- Encourage high standards for green bonds through: setting up a local Green Bond Index that enables transparency as to issuances and tax incentives that support bonds that deliver high greenhouse gas reductions. Also to identify the best means to incentivise bond issuance that channels funds towards green/low carbon projects which would not otherwise be funded, for example credit enhancement measures and asset securitisation.
- As to green loans, explore mortgage discounts at household level funded by the Government incentives; and for corporate green loans explore tax deductions and preferential provisioning for green loan assets.
- Establish a Green Investment Fund or Corporation to enable access to capital for green projects, or corporates which be regarded as too uncertain or high risk.
- Support responsible investment or ESG investing to protect the investments of Hong Kong citizens from climate and other risks. We recommend:
 - A requirement on all MPF providers and encouragement to private pension funds to have at least one green or ESG fund;

- Government explores with the Securities and Futures Commission (SFC) to enhance and refine the Principles of Responsible Ownership to take on board the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations; and
- Working with Hong Kong Exchange, explore incorporating TCFD recommendations into risk assessment disclosure requirements.

6. Greener Greater Bay Area



Background

- The initiative towards a more connected GBA comes in conjunction with developing the area as an “ecological civilisation pilot area”, which brings huge opportunities for Hong Kong’s businesses.
- BEC held its flagship [EnviroSeries Conference in May 2018](#) on the potential from a greener GBA. Report shortly to be released.

Our Recommendations

- Support local piloting to develop and commercialise local green products, technologies, and services, as well as strengthening industry – academia collaboration through public funding provision.
- Identify niche areas on which Hong Kong can lead, e.g. ESG-investing aspects of green finance, and construction sustainability standards.
- Explore ways to support the environmental technology sector, e.g. tax incentives as recently introduced for FinTech innovation, and also a tailored system for listing environmental technology companies as introduced by HKEx for Biotech companies.

7. Smart Sustainable City



Background

- BEC held its [EnviroSeries Conference in November 2017](#) on the topic of smart and sustainable Hong Kong.
- The Government also published the Hong Kong Smart City Blueprint in December 2017.

Our Recommendations

- Set clear goals for the smart city blueprint with emphasis on a low carbon transition and environmental protection objectives. This can be combined with a plan that shows how to achieve such goals, with close collaboration and coordination of ITB, DevB and ENB.

- Ensure ease of access to public data by enhancing the Government's Open Data Portal so it holds all data of relevance to the environment in a readily usable format.
- Back voluntary sharing and visibility of environment-related data (e.g. on energy consumption and savings) to support business action e.g. on energy savings and waste management.
- Develop a simple protocol for standard data formats and to protect personal privacy as well commercial confidentiality.

8. Harbourfront

Background

- Hong Kong's harbourfront has the potential to be enhanced as a world-class asset, in terms of recreation, leisure activity and even healthy commuting.
- BEC works with the Harbour Business Forum in this respect.

Our Recommendations

- Introduce a strategic masterplan for the future harbourfront based on inputs from all stakeholders.
- Take forward plans for a route along the harbourfront for walking, cycling, social and leisure activities, including easy access to water sports opportunities and marine transport.
- Ensure new harbourfront developments are carefully assessed for their carbon emissions and designed where possible to exemplify environmental excellence

Read the Full Policy Submission [Here](#)

If you would like to know more about BEC's work on public policy, please contact Mr Simon Ng at simonng@bec.org.hk.

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.