

C. Quality City and Quality Life

Environmental Protection

35. As these 10 infrastructure projects come on line, Hong Kong will see new developments of far-reaching significance. I hope that our society can reach a consensus on the implementation of these 10 projects, so that we can grasp the opportunities to take them forward as soon as possible. Should there again be delays, the price to be paid in the future will be even higher.

36. By “Progressive Development”, I mean overall progress rather than economic development alone. Apart from economic benefits, we should strive for benefits to culture, the society and the environment. Progressive Development emphasises sustainable, balanced and diversified development. Our target is to develop Hong Kong into a quality global metropolis.

The Crisis of Global Warming

37. Global warming has become a challenge to the international community. In light of their own economic, social and environmental characteristics, governments around the world have to formulate measures to strike a balance between economic development and the reduction of greenhouse gas emissions, with a view to achieving sustainable development. In the same vein, we should do our part to improve the regional environment. We have been taking vigorous measures to reduce greenhouse gas emissions. From 1995 to 2005, the energy intensity in Hong Kong, that is, energy consumed per unit GDP, dropped by 13%.

38. We welcome the Asia-Pacific Economic Co-operation (APEC) Leaders’ Declaration on Climate Change, Energy Security and Clean Development recently adopted in Sydney. As an APEC member, Hong Kong will honour its pledge and seek to achieve a reduction in energy intensity of at least 25% by 2030 (with 2005 as the base year). To this end, the Government will endeavour to raise public awareness of climate change and to

introduce energy saving measures at different levels. We will consult the public on the proposed mandatory implementation of the Building Energy Codes by means of legislation. When we have completed the legislative work related to the Energy Efficiency Labelling Scheme (first phase) for household electrical appliances early next year, we will start planning for the second phase.

39. To further reduce greenhouse gas emissions, the Government will set an example by conducting a Carbon Audit and implement an emissions reduction campaign in the new Central Government Complex at Tamar. I believe that the business sector will respond positively by implementing measures in suitable commercial buildings for this campaign.

Emissions Reduction by Power Companies

40. A key to our economic success has been the quality and reliable energy infrastructure provided by the two power companies over the years. That said, they are at present the major local source of air pollution. The Government is still negotiating with the power companies over the new regulatory regime. We aim to put it in place by year end. The Government's stance is very clear: we seek to improve local air quality through linking the power companies' permitted rate of return to their achievement of emission caps. At the same time, the new regulatory arrangements must benefit the public through the lowering of electricity tariffs.

Clean Fuels

41. To improve our air quality, the Government has endeavoured to reduce emissions by introducing cleaner vehicle fuels and improving the quality of industrial and power generation fuels. With the progressive installation of desulphurisation equipment and the adoption of cleaner fuels in local power plants, we are confident that the 2010 emissions reduction targets set jointly with the Guangdong Provincial Government can be achieved. To bring about sustained

improvement, we propose to legislate on replacing industrial diesel with ultra low sulphur diesel in all industrial and commercial processes. Subject to public consultation, we will require motorists to switch off idling vehicle engines to improve roadside air quality. We will study the feasibility of requiring all vessels plying the harbour to use high-quality fuel. We will also re-examine the option of road pricing using new high technology.

Clean Production

42. The people of Hong Kong and the PRD region breathe the same air under the same sky. Regional co-operation is vital to develop Hong Kong into a green metropolis. To further encourage Hong Kong enterprises in Guangdong to play their part to improve the regional environment, I will ask the Legislative Council to approve funding of \$93 million for the Hong Kong Productivity Council to launch a five-year programme. This programme will assist and encourage Hong Kong-owned factories within the PRD region to adopt clean production technologies and processes. Under the programme, enterprises will be able to reduce emissions and enhance energy efficiency as well as improve competitiveness and corporate image. This initiative complements the Mainland's policy of industrial restructuring and upgrading.

Building a Green City

43. For citizens to enjoy a quality city life, a green urban environment and countryside recreation areas are indispensable. In spite of our small area and dense population, protected green space still accounts for 40% of the land in our city, with country parks covering 417 square kilometres. To step up our ecological conservation efforts and to provide Hong Kong people with more open space in a natural environment, we will initiate the statutory procedures to designate our 24th country park which will be situated on Northern Lantau. This will increase the total country park area to 440 square kilometres. The Government will push ahead with greening work in densely populated

urban areas. The Greening Master Plans (GMPs) developed for Tsim Sha Tsui and Central are being implemented. The Development Bureau will continue to pursue the development and implementation of GMPs for the remaining districts of Hong Kong Island and Kowloon, and actively study the possibility of developing GMPs for the New Territories. Meanwhile, in the New Territories, the Government will give priority to beautification works along the Tuen Mun River.

Lowering Development Density

44. Over the past few years, the public has raised concerns about the “wall effect” caused by high-density buildings, which affects ventilation and leads to a rise in temperature. Despite the absence of a scientific definition of the “wall effect”, we believe that a slight reduction of development density can increase the distance between buildings and upgrade building design. This will enhance the vista of the buildings and improve ventilation.

45. The Government will review the outline zoning plans of various districts in a step-by-step manner and, where justified, revise the relevant planning parameters to lower the development density. We will also review the approved schemes of above-station property development projects at the Nam Cheong Station and the Yuen Long Station along the West Rail, with a view to lowering their development densities. Such measures will inevitably lead to a reduction in public revenue, but I am convinced that it is well worth it for the better living environment that will be created for our people.

Promoting Environmental Protection and Conservation

46. To improve the living environment in Hong Kong, we must continue to raise the community’s awareness of environmental protection and conservation with enhanced participation. I propose to inject \$1 billion into the Environment and Conservation Fund (ECF) for educational, research and technology demonstration projects as well as environmental protection and conservation activities. The Government will

encourage community participation and promote educational work to raise the public's environmental awareness through the enhanced ECF. At the same time, the ECF will encourage different organisations to carry out greening work on rooftops and podiums in suitable buildings to bring about environmental benefits and to set an example for the community. We should also leverage on our position as a global metropolis to actively promote international exchanges and experience sharing on environmental protection policies and technological research through the ECF. To achieve this, we will review the funding guidelines, including the criteria, funding limits and project duration so that the ECF is better utilised.

Waste Management

47. Apart from improving our air quality, we also face another challenge to find effective ways to handle our solid waste management problem. We need to implement the “polluter-pays” principle to achieve waste reduction at source by inducing people to change their living habits, and to encourage recovery and recycling. We will introduce in this legislative session the Product Eco-responsibility Bill to provide a legal framework for implementing producer responsibility schemes. The environmental levy on plastic shopping bags proposed earlier has gained public support. It will form the first producer responsibility scheme under the Bill to address the indiscriminate use of plastic shopping bags in Hong Kong. I would like to make it clear that the proposed levy is designed to promote waste reduction and recovery, with the ultimate aim of minimising the waste of resources and relieving the heavy burden of waste management.

48. Given the current rate of increase in solid waste, we estimate that the three existing strategic landfills in Hong Kong will run out of space within the next few years. With no alternatives in the short to medium term, there is a pressing need to expand these landfills. Elsewhere in the world, modern incineration facilities are safe, technologically proven, and have stringent emission standards. This waste treatment method is in

line with the principle of sustainable development. We are trying to identify suitable sites for developing Integrated Waste Management Facilities that adopt incineration as the core technology. By using advanced technology, we can reduce the amount of solid waste sent to landfills which in turn will minimise the impact on the surrounding environment. In addition to the Harbour Area Treatment Scheme Stage 2A, we will also build sludge treatment facilities to avoid dumping huge volumes of sludge at landfills. These facilities will substantially expand our waste treatment capacity and ensure the sustainable development of Hong Kong.