



40/F, Revenue Tower, 5 Gloucester Road, Wan Chai, Hong Kong  
香港灣仔告士打道 5 號稅務大樓 40 樓

## **ACE Paper 8/2005**

*For information*

### **Way Forward for the Harbour Area Treatment Scheme (HATS) Stage 2**

#### **Purpose**

The purpose of this paper is to inform members of the Government's decision concerning the construction of the next stage of the Harbour Area Treatment Scheme (HATS).

#### **Background**

2. Between 2001 and 2004 we studied four options for Stage 2 of HATS<sup>1</sup> recommended for further investigation by an International Review Panel of local and overseas experts. Between June and November 2004 we consulted widely to ascertain the community's views on the preferred means of taking the project forward. In particular we had recommended pursuing Option A (centralization of all treatment at Stonecutters Island) in stages. We proposed that the first phase (Stage 2A) should comprise construction of deep tunnels to transfer the remaining HATS area sewage across the harbour to Stonecutters Island for treatment, expansion of the existing facilities there, and provision of disinfection. The second phase (Stage 2B) would then involve the construction of a biological treatment plant adjacent to Stonecutters Island to provide additional treatment to the sewage. The Advisory Council on the Environment convened a public discussion forum to discuss the issue on 6 September 2004, and Members formulated their own views at a meeting on 8 November 2004.

3. The consultation process has helped solicit feedback from a broad spectrum of the community including political parties, Government's advisory bodies, District Councils in the harbour area, professional bodies, academia, community groups, and various business and trade organizations. Comments were received from some 46 of these major stakeholder groups and organizations. A further 81 written or electronic submissions were made by individual persons and firms. A summary of the main features of the exercise and the feedback received is at **Annex A**. In brief, the majority of the public indicated support for the timely implementation of HATS Stage 2 in order to clean up the harbour. Most respondents supported the Government's proposal to implement Option A in phases, though some felt that the Government should build the whole of the next stage in one go. Also, among those who supported phasing, some pressed for a commitment to a clear timeline.

4. Another significant feature of the feedback was the general support for the recurrent costs to be recovered through sewage charges.

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<sup>1</sup> Comprehensive information about the HATS can be found on the Cleanharbour website at <http://www.cleanharbour.gov.hk>.

## The Way Forward for HATS Stage 2

5. Members' views, including the suggestion to implement HATS Stage 2 as a high priority task, the request for Government to give a firm commitment on the project, and the support for a phased implementation, have been fully considered. On balancing the stakeholders' views, in particular the public's expectation to clean up the harbour, our fiscal position, the practical constraints in implementing a project of such scale, and the uncertainty in predicting the future build-up of sewage flows, the Government has decided that the way forward for HATS Stage 2 should be as follows:

- (a) Of the four Options considered during the public consultation exercise, the preferred configuration to be adopted is Option A, that is the centralization of all treatment facilities at or adjacent to Stonecutters Island. **Annex B** shows a schematic of this option.
- (b) A two-phase implementation strategy, i.e. dividing HATS Stage 2 into Stage 2A and Stage 2B as set out in the public consultation document, is to be pursued. However, implementation of both phases will be contingent upon acceptance by the community of the need for the full recurrent costs to be recovered through sewage charges, in accordance with the polluter-pays principle.
- (c) Stage 2A is to comprise the upgrading of the preliminary treatment works around the northern and western shores of Hong Kong Island, the construction of a deep tunnel system to convey the currently untreated sewage from Hong Kong Island to Stonecutters Island, the expansion of the existing chemical treatment facilities at the Stonecutters Island Sewage Treatment Works (SCISTW) and the provision of new disinfection facilities. The target is to complete the whole of the Stage 2A main works within 2013.
- (d) For Stage 2B, i.e. the biological treatment facilities, construction is tentatively set to commence after the completion of Stage 2A in 2013/14. However, in addition to being subject to acceptance by the community of the need for the full recurrent costs to be recovered through sewage charges, the commencement of this stage will also be subject to a review to be carried out in 2010/11 which would take into account the rate of population increase and water quality trends. Even so, the procedures needed to ensure land is available for construction of Stage 2B are to be initiated now.
- (e) Subject to the support of the community that the recurrent costs should be met through sewage charges, part of the disinfection facilities of Stage 2A are to be brought forward for completion by 2008/09.
- (f) The existing sewage charging policy for both the Sewage Charge and Trade Effluent Surcharge is to be reviewed in 2005, taking into account the financial implications arising from HATS Stage 2 and the polluter-pays principle.

## **Next Steps**

6. To take the project forward we have internally earmarked \$180m to proceed with the EIA and with the site investigations and preliminary design for the deep tunnel system, so as to deal with the immediately time-critical elements and remain on track for completion of Stage 2A in 2013. We will seek funding approval from the Finance Committee of the Legislative Council towards the end of this year. At the same time we intend to indicate to legislators our proposals for increases in the Sewage Charge and Trade Effluent Surcharge, as it is a prerequisite for the future stages that the recurrent costs should be met through sewage charges, in accordance with the polluter-pays principle. Prior to that we will be seeking the advice of this Council on proposals for changes to the sewage charges.

7. We would also consult the EIA Sub-committee in respect of the EIAs to be conducted under Stage 2A and 2B, taking note of Members' views already expressed, e.g. to include consideration of monitoring requirements and risk assessment in the EIAs. For instance, we are making preparations to carry out an EIA for the advance disinfection facility which is targeted for completion in 2008/09. This will address particularly the impacts of the proposed chlorination/dechlorination disinfection system and review alternative disinfection options. The EIA Study on advance disinfection is scheduled to be completed by the end of June 2006 and we will be consulting Members on the outcome at that time.

## **Action required**

8. We would in future update Members regularly about the implementation progress of HATS Stage 2. Members are requested to note the Government's decision on the way forward for HATS Stage 2 and the related EIA matters that would require Members' attention in the future.