



6 Our Economic Impacts

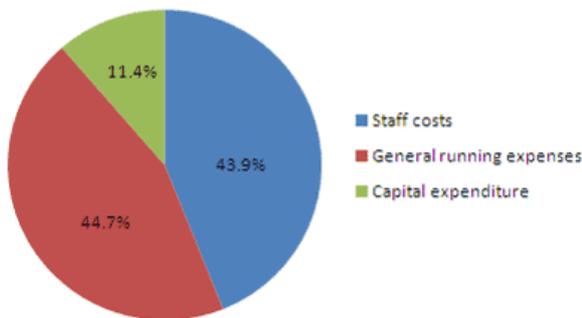
1. Investment in Sustainability

1.1 We invest billions of dollars in public funds each year to make Hong Kong greener and more sustainable. In 2010 the Environment Bureau (ENB) and Environmental Protection Department (EPD) had a total departmental expenditure of more than \$2.3 billion. Figure 17 shows details of both ENB and EPD expenditures.

Figure 17 – Details of ENB and EPD expenditures in 2010

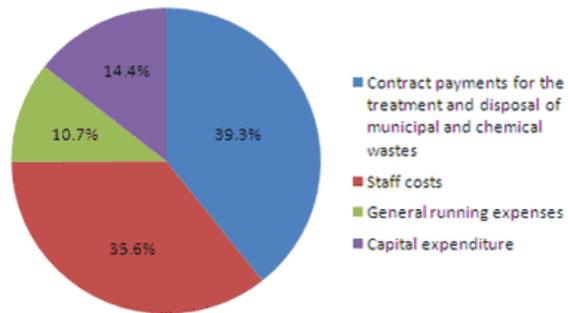
ENB

Total expenditure: \$61 million



EPD

Total expenditure: \$2.30 billion
(excluding major infrastructure work)



2. Economic Impacts of Our Policies and Programmes

Polluter pays initiatives

2.1 Sewage charge is applied to various households and businesses in Hong Kong. The rate is gradually being increased over 10 years, starting from 2008, to partially recover the operating cost of the service.

2.2 The first mandatory producer responsibility scheme (PRS) takes the form of a 50-cent environmental levy on plastic shopping bags. Introduced in July 2009, it has effectively reduced the distribution of plastic shopping bags from registered retailers by about 90 per cent. In 2010, the public was consulted on the proposal of a second mandatory PRS for waste electrical and electronic equipment and work is being undertaken to engage with the relevant trade on details of the scheme.

2.3 We have been exploring municipal solid waste charging as a direct economic incentive to promote waste reduction and recovery. In 2007, we completed a three-month trial scheme on domestic waste and in 2010 we completed a baseline study on commercial and industrial waste generation patterns and waste management practices.

Financial Incentives

2.4 In addition direct incentives have been offered to reduce pollution. A \$3.2 billion programme to help vehicle operators switch from pre-Euro and Euro I vehicles to new ones complying with the prevailing emission standard, was completed in March 2010. A special arrangement was made to allow eligible vehicle owners who had ordered new commercial vehicles but the replacement vehicles had not arrived in time for completing the application for the grant before the deadline of the scheme to retain their eligibility to apply for the grant until end-March 2011.



2.5 A similar \$540 million incentive programme, to help vehicle operators switch from Euro II diesel commercial vehicles to new ones complying with the prevailing emission standard was launched on 1 July 2010. The programme will end on 30 June 2013. The first registration tax for environment-friendly petrol private cars and environment-friendly commercial vehicles has been reduced and businesses which have purchased eligible environment-friendly vehicles may deduct the capital expenditure incurred under the profits tax. In 2009 a waiver on the first registration tax for electric vehicles was extended for five years.



2.6 More incentives have been developed during 2010 for implementation in the next couple of years, including a \$300 million Pilot Green Transport Fund to support the public transport sector and goods vehicle operators to test out green and low-carbon transport technologies. For franchised buses, the Government will fund the full cost of procuring six hybrid buses for trial by the franchised bus companies. If the bus companies wish to test other greener buses such as electric buses, the Government will be ready to provide them with the same financial support.

2.7 The coverage of the \$93 million five-year Cleaner Production Partnership Programme, promoting cleaner production technologies and practices for reducing air pollutant emissions and enhancing energy efficiency, was widened in 2010 to allow professional advice and technical support in the treatment and reduction of effluent discharges. By the end of 2010, the programme approved over 1 000 funding applications.

2.8 Financial support is offered to the wider community to support programmes that promote environmental and sustainable development awareness and initiatives, through the Environment and Conservation Fund and the Sustainable Development Fund.



Under the Cleaner Production Partnership Programme, a Hong Kong-owned factory in the Pearl River Delta region has reduced annual consumption of thinner by 80 000 litres, cut down VOC emissions by 63 tonnes and saved \$350,000 by switching from the conventional solvent-based glue to a water-based adhesive for the laminating process.