

**Confirmed Minutes of the 121st Meeting of
the Advisory Council on the Environment
held on 6 December 2004 at 2:30 p.m.**

Present:

Prof. LAM Kin-che, J.P. (Chairman)
Prof. HO Kin-chung, B.B.S.
Mr. Peter Y C LEE
Prof. LUNG Ping-yee, David, S.B.S., J.P.
Dr. NG Cho-nam, B.B.S.
Mrs. Mei NG, B.B.S.
Prof. POON Chi-sun
Mr. Markus SHAW
Prof. WONG Tze-wai
Prof. WONG Yuk-shan, B.B.S., J.P.
Ms. Jessie WONG (Secretary)

Absent with Apologies:

Prof. Peter HILLS
Mr. Otto L T POON, B.B.S.
Ms. Iris TAM, J.P.

In Attendance:

Dr. Sarah LIAO, J.P.	Secretary for the Environment, Transport and Works
Mr. K K KWOK, J.P.	Permanent Secretary for the Environment, Transport and Works (Environment)
Ms. Doris CHEUNG	Deputy Secretary for the Environment, Transport and Works (Environment)1
Mr. Roy TANG	Deputy Secretary for the Environment, Transport and Works (Environment)2
Dr. Mike CHIU	Acting Director of Environmental Protection
Mr. C C LAY	Assistant Director (Conservation)
	Agriculture, Fisheries and Conservation Department
Mr. Jimmy LEUNG	Assistant Director/Technical Services
	Planning Department
Miss Brenda LEE	Secretariat Press Officer, Environment, Transport and Works Bureau (ETWB)
Mrs. Pauline LING	Press Secretary to Secretary for the Environment, Transport and Works
Ms. Polly LEUNG	Principal Information Officer
	Environmental Protection Department (EPD)
Miss Petula POON	Chief Executive Officer (E), ETWB

Ms. Josephine CHEUNG
Miss Sarah NG

Chief Executive Officer (E) (Designate), ETWB
Executive Officer (E), ETWB

In Attendance for Agenda Item 5 :

Mr. Mike WONG	Executive Director, Sun Hung Kai Properties Limited
Mr. Eric TUNG	Executive Director, Sun Hung Kai Real Estate Agency Limited
Ms. May LAU	Head of Corporate Communications, Sun Hung Kai Real Estate Agency Limited
Ms. Brenda YAU	Corporate Communications Officer, Sun Hung Kai Real Estate Agency Limited
Mr. David YEUNG	Associate Director, CH2M
Mr. Charles LO	Project Manager, Gammon Construction Limited
Mr. C F KWAN	General Manager - Corporate Communication, NWS Holdings Limited
Ms. Maria CHEUNG	Manager - Corporate Communication, NWS Holdings Limited
Ms. Diane WONG	Principal Assistant Secretary for Housing, Planning & Lands (Planning & Lands)1, Housing, Planning & Lands Bureau (HPLB)

Action

Agenda Item 1 : Confirmation of the draft minutes of the 120th meeting held on 8 November 2004

The draft minutes were confirmed subject to the amendment proposed by a Member that the words “considered that” in the first line of paragraph 27 should be replaced by “queried whether”.

Agenda Item 2 :
Matters Arising from the minutes of the 120th meeting held on 8 November 2004

Para. 11 Sharing of information on chlorination disinfection

2. The Chairman informed Members that as agreed at the last Council meeting, ETWB had sent an excerpt on chlorination disinfection to the Member concerned for his information.

Para. 38 Petro-chemical plant in Huizhou

3. The Chairman informed the meeting that information on the petro-chemical complex in Daya Bay, Huizhou, Guangdong, was available in a website. The Secretariat would forward information on the website to Members after the meeting.

The
Secretariat

(Post meeting note: Members had been informed of the details of the website on 11 December 2004.)

Para. 39 Air quality objectives (AQOs)

4. The Chairman informed Members that ETWB, in collaboration with EPD, was preparing a summary table comparing the AQOs of Hong Kong and the US. The information would be provided to Members shortly.

Para. 41 Air ventilation assessment

5. The Chairman said that EPD staff would contact the Member concerned direct to further discuss her enquiry on air ventilation assessment during the planning stage.

Para. 59 Night Safari at the Kadoorie Farm and Botanic Garden

6. The Chairman said that the Secretariat had issued a circular to invite Members to join the night safari. He reminded Members to return the reply slip by 9 December 2004.

Para. 61 The Concept Plan for Lantau

7. The briefing on the Concept Plan for Lantau would be postponed to the next Council meeting to be held in January 2005.

Matters Arising from the minutes of the 117th meeting held on 12 July 2004

Para. 2 Land filling activities at She Shan Tsuen

8. Mr. Jimmy Leung informed Members that subsequent to meetings held with the Department of Justice, the Planning Department would consult the Town Planning Board (TPB) in early 2005 to enhance control over land filling activities on agricultural land by adding a remark to the notes of “AGR” zone requiring planning permission for all land filling activities except

those for the replenishment of lost topsoil for the growing of crops and plants and when the filling did not exceed 1.2m deep. Subject to TPB's endorsement, the outline zoning plans with "ARG" zones would be amended in batches. In response to a Member's enquiry, Mr. C C Lay explained that the proposed height limit of 1.2 m adopted for land filling for agricultural purpose was set in accordance with the advice given by AFCD officers specializing in agricultural matters. Mr. Jimmy Leung added that the proposal would not resolve the illegal land filling problem entirely and that other measures such as controlling waste at source through more effective management should be undertaken in parallel. As the proposal was subject to TPB's consideration, it would be pre-mature to make a public announcement. He would keep the Committee informed of progress.

Plan D

Agenda Item 3 : Report on the 90th Meeting of the Environmental Impact Assessment Subcommittee
(ACE Paper 39/2004)

9. As Chairman of the Environmental Impact Assessment (EIA) Subcommittee was out of town and Deputy Chairman of the EIA Subcommittee did not attend the EIA Subcommittee meeting held on 22 November 2004, the Chairman invited a Member of the EIA Subcommittee to present the report on the 90th meeting of the EIA Subcommittee.

10. Members noted the Subcommittee's views on the EIA report on Siu Ho Wan Water Treatment Works Extension and endorsed the report without conditions.

11. The Member of the EIA Subcommittee briefed Members on the Subcommittee's comments and suggestions regarding the strategic environmental assessment report on the Territory-wide Implementation Study for Water-cooled Air Conditioning Systems (WACS) in Hong Kong. A Member reiterated his concern about the impact of the project on seawater temperature as set out in the paper. While supporting the way forward recommended by the Study, another Member shared the Member's concern. He said that the Hong Kong University of Science and Technology (UST) had adopted WACS for over eight years and foamy substances were found in nearby water surface. He considered that the project proponent should find out how such problems should be dealt with by suitable preventive and monitoring measures. The Member of the EIA Subcommittee informed the meeting that the Subcommittee had discussed the said issue. According to the project proponent, depending on the quantity of the seawater discharged, a discharge licence would be required from DEP and hence the project would be

subject to controls imposed by EPD.

Agenda Item 4 : New Nature Conservation Policy
(ACE Paper 37/2004)

12. Mr. Roy Tang briefed Members on the results of the public consultation exercise and details of the new nature conservation policy, including the implementation plan for two new measures. He emphasized that the scoring system was designed solely for assessing the relative ecological importance of different sites with the objective of identifying priority sites for enhanced conservation so that the Government's limited resources would be allocated to the most deserving sites. It would neither affect the existing property rights of the landowners nor the land use zonings. On the other hand, there was no intention of bypassing the existing planning control. Development of the selected Public-Private Partnership (PPP) pilot projects would still need to meet the existing statutory requirements on planning, zoning and environmental impact assessment.

(Dr. Sarah Liao joined the meeting at this juncture.)

13. The Chairman welcomed Dr. Sarah Liao to the meeting. Dr. Sarah Liao pointed out that it was not possible for the Government to resume all the ecologically important sites in view of the huge financial implications. After publication of the consultation document last year, the Administration met Heung Yee Kuk and visited some villages to exchange views with local residents. She hoped that the Council would support the new policy including implementation of a pilot scheme for the two new measures, viz. management agreements and PPP. She assured the meeting that the Administration would oversee the vetting and monitoring process so as to ensure that the prescribed conservation objectives would be achieved.

14. A Member supported the new policy. He considered it wrong in principle for the Government to resume private land of ecological importance for nature conservation purpose. Instead, Government funding could be used to enhance conservation of those sites. He stressed the importance of site management, and based on his 20-year experience in heritage conservation, he considered that given time and financial incentives, PPP for nature conservation would work.

15. A Member expressed concern about the comprehensiveness of the new policy and whether the existing planning control mechanism was adequate to deal with incompatible developments. In response, Mr. Roy Tang pointed out that the list of priority sites was not final. Subject to the availability of new ecological information, the list would be reviewed in future

to include more sites that merited conservation. As regards controls over developments, the Town Planning Ordinance and the EIA Ordinance would continue to provide regulatory controls. The proposed management agreement and PPP were new measures aiming to provide incentives for the landowners to conserve their land. Dr. Liao added that the existing mechanism could not stop deterioration or damage of valuable ecologically important sites. The new policy aimed at doing the best within the current system by offering economic incentives to help landowners internalize the conservation and ecological value of the sites concerned. Another Member supported the new policy and considered that it would be able to deal with issues that could not be addressed under the existing system. The improvement measures could help prevent the deterioration of habitats of rare species. He suggested visiting some of the priority sites for a deeper understanding of the issues that required special attention.

16. In response to the Chairman's question on the timeframe for reviewing the existing land use zonings of ecologically important sites, Mr. C C Lay advised that the review which would be conducted in conjunction with the identification of new sites for conservation zonings, was expected to be completed in one or two years' time.

17. A Member commended the work of the Expert Group in designing the scoring system and suggested maintaining the Group. Dr. Sarah Liao agreed that the Expert Group had provided valuable expertise advice on the scoring system. A similar setup would be introduced as and when necessary.

Funding Support and Sustainability

18. In response to the Chairman's comment that \$5m from the Environment and Conservation Fund (ECF) might not be sufficient, Dr. Sarah Liao explained the difficulty in obtaining more funding when details of the pilot projects and the parties concerned were still unknown. However, if the pilot projects were successful and the two new conservation measures proved feasible, she was confident that additional funding from the Government and donations and sponsorships from the private sector would be available. Mr. K K Kwok said that the \$5m was seed money to kick start the implementation of pilot management agreement projects as early as possible. The two new measures including the financial arrangements would be reviewed in two to three years' time.

19. A Member commented that with the limited funding, it would be difficult for Non-Governmental Organisations (NGOs) to do manpower planning and make long-term commitment to the pilot projects. Another

Member was worried that the limited funding would jeopardize the success and the sustainability of the pilot projects. In response, Dr. Sarah Liao said that while she would try her best to secure additional funding, NGOs could not rely solely on Government support for implementing conservation projects. With subvention from the Government, they should explore other sources of income to sustain the projects in the long run.

20. A Member fully supported the new policy and considered the \$5M should be sufficient to kick start the pilot projects. NGOs concerned should consider conducting fund-raising campaigns with a view to sustaining the projects in the long run. Two other Members also supported the new policy. A Member pointed out that the scoring system and priority sites had been deliberated by the Expert Group thoroughly. Another Member hoped that NGOs could explore more innovative ideas to sustain the conservation efforts.

21. A Member urged for the setting up of a nature conservation trust. Dr. Sarah Liao shared her concern and pointed out that the intention was clearly stated in the new policy. Dr Liao added that a conservation trust could well be part of a PPP scheme which would afford the Administration and the public the opportunity to observe the operation of such trusts in a smaller scale. This should provide a sound basis for the possible establishment of a conservation trust in the long term.

Implementation

22. A Member suggested adopting an integrated approach to enable various stakeholders to achieve different objectives, e.g. conservation of the ecological, landscape and heritage value through partnership. Another Member shared his views and considered that a project might be able to integrate the unique elements of a place to achieve nature conservation, heritage protection and tourism promotion purposes.

23. In reply to a Member's enquiry, Mr. Roy Tang emphasized that the Council would play a prominent role in monitoring the implementation of the pilot projects. It would be consulted on the pilot management agreement projects shortlisted by the Administration and its views would be reflected in the subsequent submission to the ECF for funding endorsement. While an inter-departmental task force would be set up to assess PPP proposals received, views from the Council would be sought and reflected in the submission to the Executive Council for approval. As regards the Member's question on project monitoring, Mr. Tang said that as stipulated in the Guide to Application for management agreements, project proponents would be required to submit regular progress reports to AFCD. In addition, a completion report should be

submitted within six months of project completion. Relevant information of pilot projects would be uploaded onto to ETWB and AFCD websites for experience sharing and data accumulation.

24. A Member suggested that performance agreements should be signed by partners of pilot projects to ensure that they would uphold their promise. Dr. Sarah Liao shared her views and said that performance specifications would be drawn up as appropriate.

25. The Chairman concluded that the Council was in full support of the new policy and made the following remarks to round up the discussion -

- (a) the Council supported the two new measures, viz. management agreements and PPP with the understanding that the Administration would review them based on the implementation of the pilot projects at an appropriate time;
- (b) a nature conservation trust should be established as soon as possible;
- (c) education should be carried out to involve local people and the community as a whole on the conservation efforts; and
- (d) concerted efforts would be put to the implementation of the pilot projects through partnership building, performance specification and detailed planning.

(Dr. Liao left the meeting at this juncture.)

Agenda Item 5 : Hunghom Peninsula
(ACE Paper 41/2004)

26. The Chairman explained that in view of the grave concern of Members about the developers' decision to demolish the Hunghom Peninsula, he requested the Secretariat to invite the developers to the meeting to discuss the issue. He noted the reservations of some Members on meeting the developers at this stage as it might give an undesirable impression that the Council was in support of the demolition proposal or the waste management plan. However, since the Council was the Government's major advisory body on environmental protection, he considered it necessary for Members to take the opportunity to express their views on the demolition proposal to the developers direct. Chairman of the Waste Subcommittee said that the Waste Subcommittee had invited the developers twice in August and October 2004 to attend the Subcommittee meeting but the invitations were declined.

27. While agreeing that it was necessary to exchange views with the developers on the issue, a Member said she was not sure whether the timing

was appropriate. Another Member expressed his worry that the meeting might be misinterpreted by the public that the Council was in support of the demolition works. In response, the Chairman pointed out that it was an opportune time to discuss the issue with the developers and inform the public of the Council's concerns and views on the matter from the perspective of environmental impact through the press briefing to be conducted after the meeting. He assured Members that he would spell out the objective clearly and would steer the meeting carefully to avoid any misinterpretation. Two Members supported the proposed approach.

28. In response to a Member's question on the purview of the Council, the Chairman confirmed that it was in order for the Council to give views on the environmental aspect of the redevelopment project. However, Members should avoid issues that were not within the purview of the Council.

29. The Chairman declared interest as he and his wife held a very small number of shares of the Sun Hung Kai Properties Limited as an investment. A Member also declared that the student dormitory of the Polytechnic University was adjacent to Hunghom Peninsula and would be one of the potential sensitive receivers of the redevelopment project.

(The representatives of the developers and HPLB joined the meeting at this juncture.)

30. The Chairman welcomed the representatives of the developers and HPLB to the meeting. He said that Members would discuss the Hunghom Peninsula issue from the environmental and sustainable development angles and would not give views on the waste management plan set out in the developers' paper.

31. Mr. Mike Wong briefed Members on the background of the Hunghom Peninsula as a Private Sector Participation scheme (PSPS) project. He emphasized that the decision was made with due respect to the contractual agreement with the Government.

32. Chairman of the Waste Subcommittee pointed out that the Waste Subcommittee of the Advisory Council had in fact invited the developers for a meeting in August and October 2004 but the invitations were turned down. He queried whether the developers had carried out an assessment of life cycle environmental impact of the project. He also doubted the developers' claim that the demolition would be done by the highest environmental standards. A Member shared the views of the Chairman of the Waste Subcommittee and added that the basic principle of environmental protection was to avoid any adverse environmental impact. In response, Mr. Mike Wong explained that

they appreciated the controversy of the issue and the decision was made after balancing a number of factors. From the financial angle and for better use of scarce land resources, redevelopment of the buildings was the most cost-effective option allowed in the contract.

33. A Member expressed that the redevelopment project might be in order from the contractual point of view. However, it was morally and environmentally unacceptable. In addition, it challenged the core value of the community and tarnished not only the reputation of the developers but more importantly, Hong Kong's image as an international city. In his view, to give up the redevelopment plan would win more mileage for the developers in the long run. Another Member urged the developers to reverse their decision to demolish the Hung Hom Peninsula by which they could gain community goodwill as well as demonstrating corporate responsibility while safeguarding Hong Kong's international reputation.

34. A Member suggested postponing the redevelopment project for the time being. In the interim, the housing units could be let to tenants.

35. Ms. May Lau said that the decision to redevelop the buildings was not purely a commercial decision. The consortium had seriously considered other possible options including renovation and had thoroughly assessed their feasibility. They also placed a lot of importance on the corporate image. In the final analysis, they were obliged to take into account social and financial factors, both overseas and local, in addition to environmental concerns.

36. A Member pointed out that the decision to demolish the buildings was repugnant to the principle of sustainable development. He found it hard to accept that improvement to the landscape of the waterfront was one of the justifications for the demolition. In response, Mr. Eric Tung explained that the consortium had considered a number of alternatives, including reselling the housing flats in their present form, renovating the housing units for reselling or renting as guest houses but these alternatives were considered not feasible after thorough consideration. Mr. Mike Wong cautioned that if a business decision made within contract terms was challenged, it would jeopardize overseas investments in the territory and adversely affect Hong Kong's image as a business centre. He stressed that the consortium was not without sense of social responsibility. In fact, they were open-minded in listening to public opinions.

37. A Member commented that in his view, financial interest seemed to have overridden the community and environmental concerns in the developers' decision. The consortium would gain positive reputation if it

could drop the demolition option. Another Member asked the developers whether they have undertaken a social impact assessment to address the impact on the primary school and the neighbourhood near the demolition site. She warned that demolishing brand new buildings was a pity and also setting a bad example and precedence. The Chairman added that not all shareholders of the developers would support the demolition plan.

38. In response to a Member's question on the handling of sensitive receivers affected by the redevelopment project, Mr. Eric Tung said that meetings were being convened with major groups of sensitive receivers to brief them on the mitigation measures. He assured Members that adequate measures would be implemented with a view to minimising nuisance caused by the redevelopment.

39. Mr. C F Kwan thanked Members for their views and suggestions which they would take into consideration. He also undertook to update the Council regularly on the progress of the project. He invited the Council to join the monitoring group. The Chairman turned down the invitation as the Council had in-principle objection to the demolition plan.

40. Ms. Diane Wong informed Members that the Secretary for Housing, Planning and Lands (SHPL) had delivered a statement at the meeting of the Legislative Council Panel on Housing which was being held concurrently with this meeting of the ACE. The Administration had yet to receive any application from the developers. HPLB was of the view that any redevelopment of the lot in question (the Hunghom Peninsula), which did not accord with the master layout plans and approved landscaping proposals, would require a lease modification. In the event that the lease modification was accepted (should this be so), consideration would be given to whether there was any enhancement in land value, with premium chargeable according to the established practice. The Director of Lands (as a party to the contract) reserved his position as to the giving of his consents or approvals and whether or not he would agree any lease modification, and the developers should not proceed on the premise that such consents or approval would be given or lease modification agreed. The Government urged the developers to respond positively to the concerns raised by the community about their proposals reported by the mass media recently. She requested the Secretariat to circulate copies of SHPL's statement to Members for information.

The
Secretariat

(Post meeting note: copies of SHPL's speech (available only in Chinese) were circulated to Members on 11 December 2004.)

41. The Chairman thanked the representatives of the developers and HPLB for attending the meeting. He concluded that Members objected

unanimously to the demolition of Hunghom Peninsula. The crux of the issue was whether demolition could be avoided rather than the environmental acceptability of the demolition measures. The Council was worried that the demolition of brand new housing blocks would have a serious impact on the values of the community, that of the younger generation in particular, and would damage Hong Kong's reputation in the international world.

(The representatives of the developers and HPLB left the meeting at this juncture.)

42. The meeting agreed that the concerns and stance of the Council on the demolition plan had been clearly conveyed to the developers.

Agenda Item 6 : Any Other Business

43. As the meeting is the last one of the current term, the Chairman took the opportunity to thank Members for their contribution to the Council.