

ENVIRONMENT COMMITTEE

MINUTES of the Environment Committee Meeting held on 16 December 2004 at 4:00 pm in the Chamber's Boardroom.

Present

Mr James Graham (Chairman)	Dr William Barron
Mr Quentin Fong	Dr Glenn Frommer
Mr Pak-kwan Fung	Mr Donald William Johnston
Mr Aung Khine	Ms Deanna Li (via Mr Cary Chan)
Ms Selma Masood (via Mr Glenn Haley)	Dr Johannes Neumann
Mr Mats Norin	Dr Thomas Tang
Dr Andrew Thomson	Mr Steve Wong

Guest

Mr Raistlin Lau	PAS for the Environment, Transport and Works (Environment)
Dr Malcolm Broom	Assistant Director (Waste & Water), EPD
Mr W W Chui	Chief Engineer, Harbour Area Treatment Scheme

Chamber Executives:

Dr W K Chan, Senior Director	Mr Thinex Shek (Secretary)
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Apologies

Mr Victor Li	Dr Gail Kendall	Prof Sai Chung Chan	Ms Doris Cheung
Mrs Maria Cheung	Ms Tina Chow	Ms Linden Coppel	Mr Brad Corson
Mr Michael Gross	Mr Dodie Hung	Mr H Y Hung	Dr Andrew Jackson
Dr Alice Kwan	Mr Tom Masterson	Ms Angel Mo	Mr Andrea Oschetti
Mr Peter Rawlings	Mr David Rees	Mr K L Tsang	Mr Christopher Tung
Ms Cora Yam	Mr Dominic Yin		

1. Presentation on HATS Stage 2 – Mr Raistlin Lau, Principal Assistant Secretary for the Environment, Transport and Works (Environment)

The Chairman welcomed Mr Raistlin Lau, Dr Malcolm Broom and Mr W W Chiu from the HKSAR Government. He then invited Mr Lau to give a presentation on “HATS Stage 2 – Proposed Way Forward”.

- 1.1 Mr Lau told members that about 1.7 million tonnes of virtually untreated sewage was discharged daily into the Victoria Harbour before the commissioning of the Harbour Area Treatment Scheme (HATS) Stage 1 in December 2001. Although HATS Stage 1 had processed 75% of sewage generated along the Harbour, there were still 450,000 cubic metres of untreated sewage being discharged each day.
- 1.2 HATS Stage 1 brought in substantial improvements in the levels of dissolved oxygen and overall bacteria in eastern Harbour. However, the bacteria levels in the western Harbour and the beaches along the Tsuen Wan coast had increased as a result of the concentration of the effluent discharge in that area.

- 1.3 Hong Kong would require proper sewage infrastructure to meet environmental requirements in line with the growing population. The HATS system after the commissioning of Stage 2 could ultimately handle 2.8 million m³ of sewage to be produced by a projected ultimate population of 6.28 million people daily along the Harbour. The population scenario was developed specifically for the HATS project and it largely assumed that all sites with development potential in the harbour areas would be developed to the maximum level allowed under the present planning guidelines and statutory standards.
- 1.4 In 2000, the HATS International Review Panel proposed four options representing different scales of centralisation of sewage treatment, ranging from Option A being the most centralised in Stonecutters Island to Option D with two additional sewage works. Several preferred sites were identified.
- 1.5 According to the Environmental & Engineering Feasibility Study, Option A should be the most technically feasible, environmentally friendly, cost-effective and socially acceptable, although it was less favourable than the other options in terms of system resiliency. Implementation in two phases, Stage 2A (expanding of chemical treatment, deep tunnel construction and provision of disinfection) and 2B (addition of biological treatment) was recommended mainly because of the high capital and recurrent costs, the additional land requirements and the uncertainties about the population growth rate. Stage 2 would involve a total of HK\$19.5 billion capital costs and \$1.16 billion recurrent costs per year.

Discussion

- 1.6 Mr P K Fung asked about the timetable of implementing Stage 2. Mr Lau told members that Stage 2A construction works would commence in 2006-7, with the early provision of disinfection facilities completed in 2008-09, expansion of existing chemical treatment capacity in 2011-12 and the extension of sewage tunnel network in 2013-14. There was no specific timetable for Stage 2B yet.
- 1.7 Dr William Barron queried about the projection on population growth and felt that Stage 2B would unlikely be implemented. The Chairman asked whether it would be feasible to implement Stage 2A and 2B together. Mr Lau replied that the current proposal of the Government was to trigger the implementation of Stage 2B in the light of actual sewage flow buildup and water quality monitoring results, taking consideration of huge capital/operating costs and their impact on sewage charges. Nevertheless, the Government would keep an eye on the community's aspiration for high level of sewage treatments.
- 1.8 The Secretary for Environment, Transport and Works had been keen on enforcing polluter-pay principle, but the Government received a lot of public pressure during the consultation process. At present, each household paid about \$11/month for sewage treatment services, far lower than many modern economies and much less than what was required to cover the operating costs. Although the sewage charges would increase to only \$14 and \$21 respectively after 2A and 2B, in percentage terms the increases would be as high as 30% to 100%.
- 1.9 Dr W K Chan asked whether it would be feasible to go direct to Stage 2B. Mr W W Chui replied that the chemical treatment process, which was to be expanded under Stage 2A to cope with the increase in sewage flow, was very efficient and cost-effective to remove pollutants like suspended solids and BOD. Should raw sewage be directly fed into a biological treatment process like the BAF units to be provided under Stage 2B without going through any primary treatment, more

treatment units and hence higher cost would be required to remove the same amount of pollutants. Dr Malcolm Broom supplemented that the approach was based on the assumption of making use of the chemical treatment infrastructure to remove the major portion of the key pollutants prior to further polishing using biological treatment at the time that that became necessary. This would result in a linked, integrated treatment system which would minimize the cost and land requirements of the biological treatment stage.

- 1.10 Dr Glenn Frommer asked about the objective of meeting the environmental target of water quality. Dr Malcolm Broom briefed members with some scientific figures and referred members to the HATS website, www.cleanharbour.gov.hk, for full details.

The Chairman thanked Mr Lau, Dr Broom and Mr Chui for coming to the Chamber. They left the meeting at this point.

The Chairman then welcomed three new members, who were Mr Donald William Johnston of Anderson Asia (Holdings) Ltd, Mr Steve Wong of BillionGroup Technologies Ltd and Mr Aung Khine of Green Island Cement (Holdings) Ltd.

2. Confirmation of Minutes

Minutes of the Committee meeting held on 16 September 2004 were confirmed and signed.

3. Matters Arising

Position Paper to the Council for Sustainable Development

- 3.1 Dr W K Chan thanked the Committee for contributing views to the Chamber paper in response to the consultation on three pilot areas of sustainable development. He understood that the public engagement process of the consultation had ended with a SD Summit on 13 December 2004. The findings had been presented to various government departments, and following their responses the Council would come up with a report.
- 3.2 Dr Thomas Tang, who was the facilitator of the Council, supplemented that the Government received a total of 256 submissions. Dr William Barron queried whether the Council would look at specific projects from the perspective of sustainable development, i.e. the Zhuhai/Hong Kong Bridge. Dr Tang replied that the Council had been an advisory body for policy formulation, so it would not be in a position to comment on specific projects.
- 3.3 Dr Andrew Thomson suggested that the Chamber might consider providing more advice such as the model of sustainable development, transparency, independence of the secretariat, subcommittees for ad hoc projects, and etc. Dr Glenn Frommer added that government's reporting should be encouraged to enhance accountability. Dr W K Chan told members that the current Council's terms would end in February 2005, so it would be necessary to find a right time to raise these fundamental issues with the Council.

4. Committee's Activities

Chamber's Air Pollution Seminar/Lunch Forum, 3 December 2004

- 4.1 Dr W K Chan briefed members that over 100 participants attended the seminar/lunch forum. Many ideas were generated at the event, and the Chamber would prepare a short paper in response to the recent air quality issues. To improve the overall air quality in the longer term, which was regional in nature, we would develop a more substantive paper drawing on advice from air pollution experts. Dr Glenn Frommer suggested the Chamber mention Global Report Initiatives in the paper.
- 4.2 The Chairman said that useful information was gained during the event. However, a few member companies were named by a speaker as polluters. As advised, Dr W K Chan had contacted the companies referred to and passed on the message. He added that some Chamber members had produced environmental reports but the majority did not due to various reasons, so the Chamber should encourage members to publicise their environmental initiatives more.
- 4.3 Dr Andrew Thomson informed members that the Federation of Hong Kong Industries was planning a "One-Factory One-Environmental Programme" campaign in 2005. Dr William Barron also commented that it would be more effective to focus on industries to deal with air issues rather than the power plants. Dr Glenn Frommer added that it would be important to generate regional air quality data, which was not available at the moment. He also suggested the Chamber explore the subject of emission trading as one of the long-term solutions.

2004 Eco Business Awards

- 4.4 The Secretariat reported that the Environmental Campaign Committee received a total of 107 applications for the Green SME, Green Constructors and Green Innovative Practice awards. The Organisers had completed preliminary assessment, and Dr Thomas Tang had kindly agreed to be one of the judges on behalf of the Committee. The date of awards presentation was scheduled for 7 March 2005 with Mr K K Kwok, ETWB's Permanent Secretary for Environment as the Guest of Honour.

5. A.O.B.

The Chairman reminded members that the Chamber would be organising a seminar on regulation of electricity industry on 14 January 2005.

There being no other business, the meeting adjourned at 5:45 pm.

Confirmed by

Secretary
4 January 2005

Chairman