

BEC's Submission on 2016 Policy Address

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Public Consultation for the 2016 Policy Address

The Chief Executive will deliver the Policy Address on 13 January 2016.

Similar to prior years' practice, in early November 2015, BEC made a [submission](#) to the Chief Executive to express members' views on environmental and sustainability related policies, for the Government's consideration.

Summary of BEC's Policy Recommendations

BEC's Policy Address submission covers our core advocacy areas: (1) climate change; (2) energy policy; (3) transport and logistics; (4) waste management; (5) natural capital including biodiversity, water and air; (6) green business and finance; (7) environmental, social and governance ("ESG") reporting and performance; and (8) the Harbourfront Authority.

BEC's key recommendations are summarised as below:

1. Climate Change

- Put in place a long-term stable policy framework on climate change for reducing emissions.
- Engage business in considering how best to incorporate the key elements of China's climate policy, with more ambitious carbon reduction targets and carbon pricing.
- Establish a cross-departmental governance structure to monitor progress on combating climate change, and adaption and resilience.
- Continue to work on a regional level with Guangdong province to put in place cross-border initiatives such as standards for climate resilient buildings.

2. Energy Policy

Carbon Intensity of the Fuel Mix

- In order to reduce the carbon intensity of the fuel-mix of Hong Kong, a multi-pronged strategy should be adopted. The strategy includes:
 - (a) incentives for renewable energy generation by the electricity companies;
 - (b) easier grid access for clean distributed energy on fair and reasonable terms; and
 - (c) consideration of opportunities to import clean, low carbon energy (including nuclear and renewable energy) from Mainland China provided such energy meets the 'additionality' and reliability tests.
- Put in place a policy framework that encourages and promotes diversity in sources of supply of Liquefied Natural Gas including policy support for the construction of a LNG terminal.



Demand-side Management

- Consider policy measures to ensure the right incentives for new and existing buildings, addressing barriers like capital costs for improving energy efficiency.
- Update mandatory buildings energy efficiency standards regularly, progressively raising these standards to reflect technological progress.
- Consider making the Residential Thermal Transfer Value mandatory in the longer term and review the level to consider whether to raise the current standards in the next two years.
- Promote the use of green leases.
- Put in place an initiative to fund the retrofitting of public and private sector buildings.
- Review the existing regulatory system relating to both energy efficiency and renewables to remove unnecessary regulatory barriers.
- Demonstrate best practice in government buildings to show leadership, providing the private sector with the data on energy savings made and requiring minimum BEAM Plus Gold standards in New Development Areas.
- Put in place targets and incentives for energy companies, as well as a plan for a smart grid and meters, and tariffs to manage peak demand.
- Actively promote the use of benchmarks and encourage transparency of energy use by companies.



3. Transport and Logistics

- Bring forward measures to address hotspots and congestion, including consulting on congestion charging / electronic road pricing and extending the current low emission zones, as well as smarter traffic management approaches; and work with business to develop a plan for smarter management of logistics and ways of reducing emissions and congestion caused by buses.
- Continue to expand the MTR and enhance the bus network; and make more of the opportunity to use new technologies and fuel types that appear well-suited to the area such as electric vehicles and hybrids, as well as biodiesel and biogas. This will not only improve our environment but also stimulate research and innovation locally.
- Establish a cross-departmental taskforce to improve the walkability of Hong Kong, and develop cycling infrastructure.
- Develop a regional agreement with port cities in the PRD region to support the new low sulphur emissions policy, and develop a longer term plan for electrical or other environmentally friendly port facilities.

4. Waste and Recycling



- Implement Municipal Solid Waste (“MSW”) charging without delay, as well as establish a business-government taskforce to develop proposals for the regulatory and tax framework beyond MSW charging and producer responsibility schemes.
- Put in place a strategic approach to identify and address issues at different stages of the circular economy loop and facilitate cross-border collaboration with Mainland China to enable the loop to operate, as well as a new Circular Economy Fund and enhancement of the current Recycling Fund.
- Commission a study to consider how to ensure the proper functioning of the loop from reducing food waste to the food waste collection system, and closely monitor the transportation of recyclables to recyclers.
- Explore the best way of using energy generated from the proposed Organic Waste Treatment Facilities, including consideration of using biogas and ensure full utilisation of existing landfill gas; and develop plans for a requirement of at least 5% mandatory blending of biodiesel, made from Waste Cooking Oil, for diesel in Hong Kong.
- Improve the policy on green procurement, recognising the environmental benefits of local recycled materials.

5. Natural Capital: Biodiversity, Water and Air

- Develop clear guidelines on how to value natural capital for decisions on development projects.
- Raise public awareness of threats to biodiversity in Hong Kong, as well as the impacts of our consumption on biodiversity outside Hong Kong through the supply chain; and commence consultation on the proposed Biodiversity Strategy and Action Plan swiftly.
- Act to improve our water security through reducing dependence on a single source, whilst increasing our water efficiency and also acting to improve water quality in the sea around Hong Kong.
- Continue to strengthen collaborative work across the border to address air pollution.



6. Green Business and Finance



- Develop Hong Kong as a centre of green technology and environmental industries, making the most of its universities, entrepreneurial business sector, legal system, and proximity to a growing market in China, and with measures as follows:
 - set up an inter-departmental Taskforce to develop an action plan;
 - target innovation funds towards solving local environmental problems, including energy efficiency and low carbon energy generation;
 - promote collaboration between business and universities;
 - provide sufficient long term eco-innovation funding; and
 - continue to use green public procurement as a lever.
- To position Hong Kong's financial services sector so that it makes the most of the opportunity from the transition to a low carbon economy, ensure that the Green Finance Working Group is well-funded and tasked with developing plans across the board from a Green Investment Bank to Green Bonds; and ensure that the Working Group works with business/ industry as well as the financial services sector to develop its plans.

7. Environmental, Social and Governance (“ESG”) Reporting and Performance

- Stimulate ESG performance amongst companies by adopting the proposed mandatory ‘comply or explain’ approach by Hong Kong Exchanges and Clearing Limited for listed companies.
- Engage business on how to refine the Carbon Repository to increase the usefulness of information provided.
- Assist non-listed companies in complying with the relevant Companies Ordinance by providing a programme of training.
- Take steps to professionalise the sustainability profession by supporting a formal certification system with continuing education requirements.

8. Harbourfront Development and Regeneration

- Grasp the opportunities that flow from the harbourfront regeneration, in terms of diversifying the economy, reduction of congestion through walking and cycling, and general recreation and well-being.
- Speed up the process for establishing a permanent Harbourfront Authority, ensuring the legislation or other documentation is in place, before the end of the current administration, and ensure that in the meantime, the Harbourfront Commission is properly resourced.

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Business Environment Council Limited 商界環保協會有限公司 (“BEC”) is an independent, charitable membership organisation, established by the business sector in Hong Kong. Since its establishment in 1992, BEC has been at the forefront of promoting environmental excellence by advocating the uptake of clean technologies and practices which reduce waste, conserve resources, prevent pollution and improve corporate environmental and social responsibility. BEC offers sustainable solutions and professional services covering advisory, research, assessment, training and award programmes for government, business and the community, thus enabling environmental protection and contributing to the transition to a low carbon economy.

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