

## LCQ3: Recycling Fund

Following is a question by the Hon Chan Hak-kan and a reply by the Secretary for the Environment, Mr Wong Kam-sing, in the Legislative Council today (May 30):

Question:

To assist the recycling industry in enhancing operational capabilities and efficiency, the Government established the Recycling Fund (the Fund) in October 2015, with an allocation of \$1 billion for application by recyclers for subsidies. In this connection, will the Government inform this Council:

(1) given that as at February this year, a total of 128 projects involving a total funding of about \$94 million was approved under the Fund, but the expenditure incurred by the Hong Kong Productivity Council, the Secretariat of the Fund, on processing applications for the Fund, monitoring the progress of the projects and conducting compliance checks was as high as \$13 million (accounting for 12% of the total amount of approved funding, i.e. such expenditure being as high as \$100,000 for each funded project on average), whether the Government has reviewed if such an expenditure level is on the high side, and whether secretariat support for the Fund will instead be provided by the Government in-house; if so, of the details; if not, the reasons for that;

(2) given that the recovery rates of plastics and food waste in 2016 slightly rose by three percentage points and less than one percentage point respectively and the recovery rate of paper dropped by two percentage points when compared with those in the year before that, whether the Government has studied why the recovery rates of those materials have shown no marked improvement after the Fund was launched; of the measures to further boost the recovery rates, and whether it will formulate more ambitious recovery rate targets; and

(3) given that more than \$30 million has so far been approved under the Industry Support Programme (ISP) under the Fund to provide funding support for relevant organisations to undertake non-profit-making projects with a view to enhancing the capability and productivity of the recycling industry, whether the Government has assessed the effectiveness of ISP; as quite a number of recyclers have relayed that the application procedure of the Fund is complicated, whether the Government will further streamline the relevant procedure; if so, of the details; if not, the reasons for that?

Reply:

President,

The Recycling Fund (the Fund) set up by the Government is one of the initiatives in promoting the development of the recycling industry. By

providing financial support, the Fund aims at facilitating the upgrading of the operational capabilities and efficiency of the recycling sector. In view of the more stringent requirements on the import of recyclables progressively in place in the Mainland, the Fund has been streamlined on various fronts with a focus on helping the recycling industry expedite their upgrading and enhancement of processing capacity, as well as grasp the challenges and opportunities emerged. Regarding the questions raised by the Hon Chan Hak-kan, my responses are as follows:

(1) The work of the Secretariat of the Fund includes assessing all applications received and monitoring the progress of each approved project. Therefore, in addition to providing administration services, the Secretariat has also to be conversant with the operation of the recycling industry and possess a well-established network among the recycling trade. When the Government sought funding approval from the Legislative Council (LegCo) for \$1 billion to set up the Fund, the reasons for engaging the Hong Kong Productivity Council (HKPC) to act as the implementation partner and provide secretariat and administrative management services for the Fund were explained. Details of the work of the Secretariat are at the Annex.

The Secretariat's annual expenditure on processing applications, monitoring approved projects and checking on compliance for the Fund is about \$9 million, of which the HKPC has to shoulder certain additional expenses, including those on the provision of supervisory staff and technical support, the hiring of venues, etc.. As at mid-May this year, the Advisory Committee on Recycling Fund (RFAC) received a total of 386 applications, and a total of 139 funded projects have been or will soon be commenced, involving a total funding of about \$100 million. The expenditure of the Secretariat is within reasonable range. The Environmental Protection Department (EPD) has no plan to change the arrangement of engaging the HKPC to act as the implementation partner to the Fund as well as provide secretariat and administrative management services for the Fund.

(2) In addition to supporting the development of the local recycling industry through the Fund, the Government will continue to strengthen support on various fronts to enhance the operation of the recycling chain.

Regarding food waste, the Organic Resources Recovery Centre (ORRC) Phase 1 will be commissioned around mid-2018. While we are planning the construction of ORRC Phase 2, the "Food Waste / Sewage Sludge Anaerobic Co-digestion Trial Scheme" will be implemented at the Tai Po Sewage Treatment Works to raise Hong Kong's overall food waste treatment capability. We will also continue to support schools and private housing estates to install composters, and will also collaborate with the commercial sector and eateries to collect surplus food for distribution to voluntary organisations.

On recycling of waste paper, our key support includes providing sites in the EcoPark and under short-term tenancy as well as berths in public cargo working areas for bidding and use by the recycling sector. In an open tender held at the end of this March, we invited tenders from recyclers interested in developing waste paper recycling and manufacturing business in the

EcoPark.

As for recycling of waste plastics, we have commenced a consultancy study on how to introduce a producer responsibility scheme for suitable plastic containers so as to strengthen recycling support at the community.

We are actively preparing for the legislation required for municipal solid waste charging, with a view to further promoting waste reduction at source and recycling.

Formulation of the above initiatives is underway. At present, we are unable to set specific recycling targets for individual type of recyclable.

(3) The Fund comprises two aspects, namely the Enterprise Support Programme (ESP) and Industry Support Programme (ISP). The former provides funding support for individual recycling enterprises to upgrade and expand their local waste recycling business. The latter provides funding support for non-profit distributing organisations registered in Hong Kong, such as professional bodies, trade and industry organisations, research institutes and other industrial support organisations to undertake non-profit making projects which can assist the local recycling industry in general or in specific sectors in enhancing their operational standards and productivity.

The \$30 million mentioned by the Hon Chan is mainly for ISP. The currently approved projects include, inter alia, operation guides and trainings for the recycling industry produced and provided by the Hong Kong Baptist University and the Hong Kong Quality Assurance Agency, as well as the Recycling Industry Safety Enhancement Pilot Scheme launched by the Occupational Safety and Health Council (OSHC). The former has held 52 training sessions attended by over 1 200 people so far; while the latter has received applications from more than 160 enterprises. These programmes can facilitate the enhancement of skills, productivity and safety standards of the recycling industry, as well as reduce their expenditure for insurance.

The EPD and the RFAC have been in close dialogues with the recycling sector to continuously optimise the operation of the Fund. At present, a series of facilitation measures have been introduced under the Fund, including the provision of initial grant payments to approved projects before their launch, including the cost for third-party liability insurance and a portion of the rental expenses required by approved projects in fundable items under the Fund, as well as establishing a category of Standard Projects under ESP to streamline application procedures for specific items, such as procuring small-scale equipment, hardware and machinery, making applications under certification or registration schemes, etc.. Besides, the RFAC has waived the condition on opening a designated bank account for Standard Projects, and will provide reimbursement midway through the project period, having regard to the progress of the project. To assist the recycling industry to address the Mainland's progressively tightening requirements on imports of recyclables, the Fund announced in September 2017 that \$20 million had been earmarked to expand the list of fundable items under "Standard Projects" to help upgrade the recyclers' ability in turning waste plastics

into plastic products or raw materials as well as processing waste paper. The Fund also earmarked \$50 million for encouraging recyclers to use compactor trucks for more effective and efficient transportation of waste plastics and waste paper and hence reduce the collection and transportation costs of recyclables. As at end December 2016, a total of 68 applications of Standard Projects have been received in 15 months since the operation of the Fund in October 2015. In respect of the new series of facilitation measures, the Fund has received a total of 169 applications of "Standard Projects" in 17 months from January 2017 to present and 104 applications have been approved.

The Government and the RFAC will continue to review the Fund's operation and roll out various facilitation measures in a timely manner.

Thank you, President.

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## **Fatal traffic accident in Ma On Shan**

Police are investigating a fatal traffic accident in Ma On Shan this morning (May 30) in which an 84-year-old woman died.

At about 9.20am, a light goods vehicle (LGV) driven by a 54-year-old man was travelling along On Luk Street towards Sai Sha Road. When approaching Sai Sha Road, it reportedly knocked down the 84-year-old woman who was crossing the road.

Sustaining serious head injuries, the woman was rushed to Prince of Wales Hospital in unconscious state and was certified dead at 10.16am.

The driver was arrested for dangerous driving causing death and is being detained for further enquiries.

Investigation by the Special Investigation Team of Traffic, New Territories South is underway.

Anyone who witnessed the accident or has any information to offer is urged to contact the investigating officers at 3661 1300 or 3661 1348.

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## **Transcript of remarks by STH**

Following is the transcript of remarks by the Secretary for Transport

and Housing, Mr Frank Chan Fan, at a media session after attending the Legislative Council meeting today (May 30):

Reporter: Does the Government actually know about it? Are you aware of the situation? Are you informed? Have you actually been monitoring the misbehaviour of the contractor?

Secretary for Transport and Housing: I would suppose, no matter who, whether the Government or a company or a team of experts, there is always a hierarchy of management and supervision. Therefore it is only when something went wrong, then this would be escalated to my level. If things were spotted and rectified on-site at the substantial time, then I would expect that the professionalism and responsible manner would have received endorsement from the community and the media.

(Please also refer to the Chinese portion of the transcript.)

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## [Effective Exchange Rate Index](#)

The effective exchange rate index for the Hong Kong dollar on Wednesday, May 30, 2018 is 100.1 (up 0.1 against yesterday's index).

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## [LCQ6: Ticketing arrangements for Guangzhou-Shenzhen-Hong Kong Express Rail Link](#)

Following is a question by the Hon Tanya Chan and a reply by the Secretary for Transport and Housing, Mr Frank Chan Fan, in the Legislative Council today (May 30):

Question:

The Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link is expected to be commissioned in September this year and it will be connected to the national high-speed rail network on the Mainland. It has been reported that the MTR Corporation Limited (MTRCL) will sell, at the West Kowloon Station (WKS), only tickets for the high-speed rail routes plying between WKS and 18 high-speed rail stations on the Mainland (HK routes). Since MTRCL has not been authorised to sell tickets for the other

high-speed rail routes (Mainland routes), passengers who wish to change to trains along the Mainland routes after travelling on trains along the HK routes have to buy, in advance, tickets for the Mainland routes at the counters operated by a ticketing agent at WKS or through other means. In this connection, will the Government inform this Council:

(1) whether the Government or MTRCL has taken part in the selection of the Mainland ticketing agent that will operate at WKS; whether it knows the way in which the selection was conducted, as well as its procedure, timetable, outcome and criteria, and whether the selection criteria include the level of service fees to be charged and the payment methods for tickets;

(2) whether it knows why MTRCL has not been authorised to sell tickets for the Mainland routes, and the details of the discussion between MTRCL and the China Railway Corporation (CRC) about the ticketing arrangements; the estimated monthly number of passenger trips on trains along the HK routes, the estimated monthly number of passenger trips changing to trains along the Mainland routes after travelling on trains along the HK routes, the estimated service fees for tickets to be charged by the ticketing agent at WKS, and its related monthly income; and

(3) whether it knows if CRC and the ticketing agencies have to obtain the authorisation of MTRCL to sell tickets for the HK routes; if they have to, of the details, and whether the former will charge service fees for tickets; whether MTRCL will set up counters at the high-speed rail stations on the Mainland to sell tickets for the HK routes; if MTRCL will, of the details?

Reply:

Acting President,

My consolidated reply to the Hon Tanya Chan's question is as follows:

The national high-speed rail network, currently 25 000 kilometres in length, accounts for over 60 per cent of the total length of high-speed railways around the world. The well-connected rail network has helped create a new mode of commuting and given impetus to the economic development of our country. The Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL), with its major works having been completed, is targeted for commissioning in September 2018. The 26 kilometre Hong Kong Section of XRL will connect to the national high-speed rail network, and will significantly reduce the journey time from Hong Kong to Shenzhen, Guangzhou or other cities in the Pearl River Delta region, thus contributing to the promotion of connectivity between Hong Kong and the Mainland. Therefore, both cross boundary journey tickets and Mainland journey tickets can be purchased at the West Kowloon Station (WKS).

According to the Memorandum of Understanding on the Arrangements for Preparation of Key Operational Issues for the Hong Kong Section of the XRL signed between the Transport and Housing Bureau and the China Railway Corporation (CR) on January 29, 2018, the plan will be to operate 127 train

pairs daily at the early stage of commissioning, comprising 114 pairs of short haul trains daily during peak periods. The actual number of train pairs will depend on the passenger volume; and 13 pairs of long haul trains daily. The short haul trains will run directly between the WKS and four short haul stations, namely Futian, Shenzhen North, Humen and Guangzhou South stations. There will be direct long haul trains to 14 stations, namely Beijing, Shanghai, Kunming, Guilin, Guiyang, Shijiazhuang, Zhengzhou, Wuhan, Changsha, Hangzhou, Nanchang, Fuzhou, Xiamen and Shantou stations. Both parties also agreed that the train schedule could be adjusted subject to discussion on the actual operational needs. After the commissioning of the Hong Kong Section of XRL, we will continue to explore with the Mainland authorities additional direct train services to more Mainland cities, and to enhance the ticketing arrangements.

The Government is in discussion with the CR on the financial and related matters of the Hong Kong Section of XRL and will inform the Panel on Transport of the Legislative Council and the public of the outcomes of the discussion and details of operating arrangements at the appropriate time. The actual operational arrangements and ultimate financial conditions of the Hong Kong Section of XRL will depend on the outcomes of discussion with the CR. The Government will update the related figures based on the outcome of the discussions with CR, including the passenger forecast of the Hong Kong Section of XRL.

At the same time, the MTR Corporation Limited (MTRCL) is discussing with the Mainland high-speed rail operator on the actual operational arrangements, including ticketing matters, of the Hong Kong Section of XRL. According to the arrangement agreed by both sides, through the Hong Kong ticketing system, passengers may buy cross boundary journey tickets, viz. tickets for high-speed trains that start or terminate at the WKS and run to or from the aforesaid four short haul stations or 14 long haul stations. Passengers may, by producing their Hong Kong and Macao Residents Entry and Exit Permits (i.e. Home Return Permits), buy tickets through the Hong Kong ticketing system, including Hong Kong ticketing website, Hong Kong ticketing hotline, ticket office at B1 Level of the WKS, ticket vending machines at the WKS, as well as local travel agencies. Passengers may then collect their tickets at the ticket office or ticket vending machine at the WKS by producing their Home Return Permits and booking number. The ticket office at the WKS, with 28 counters, will handle cross boundary journey ticketing matters, including buying, collecting, changing and returning of tickets for passengers. There will also be 39 ticket vending machines for passengers to buy and collect their tickets. No service fee will be charged when buying or collecting cross boundary journey tickets in Hong Kong.

For added convenience for passengers, in addition to accepting payment by traditional means such as cash, credit card and Octopus, the MTRCL will consider introducing electronic means of payment popular with passengers in recent years. The MTRCL is also planning to set up service counters for cross boundary journey ticketing at major rail stations in Hong Kong. Details will be announced upon confirmation.

In the future, the Mainland high-speed rail operator will also sell cross boundary journey tickets on the Mainland, and will do so through the existing sales channels and arrangements. As far as we understand, no service fee will be charged for purchases of train tickets at Mainland stations or through the Mainland website and ticketing hotline, and for the subsequent pick-up at ticketing counters or ticket vending machines in Mainland stations.

Mainland journey tickets, i.e. tickets for journeys that start and terminate at Mainland stations, are in fact already available for purchase in Hong Kong. They are sold at ticket outlets operated by agents in Hong Kong under the authorisation of the Mainland high-speed rail operator. Since the provision of such service involves certain costs, the agents have been charging service fees.

Apart from using such local agents, Hong Kong passengers may, with their Home Return Permits, purchase Mainland journey tickets at ticketing counters in Mainland stations, or at ticket vending machines compatible with the Permit at these stations. Passengers who have a Mainland-registered mobile phone number may also register an account and purchase tickets on the Mainland's official ticketing website (i.e. the "12306" website of the China Railway Customer Service Center). Further, passengers may order their tickets through the Mainland's ticketing hotline. Ordering/purchasing tickets through the aforesaid means and the subsequent pick-up at ticketing counters or ticket vending machines in Mainland stations are not subject to service fees. According to the latest initial understanding from the Mainland high-speed rail operator, the Mainland is progressively extending automatic ticket vending and issuing service for Hong Kong and Macao residents to more stations. In the future, the 18 stations reachable by direct trains from the WKS will all be installed with ticket vending machines compatible with the Home Return Permit to facilitate the travel of Hong Kong and Macao residents on the Mainland by means of high-speed rail.

As far as we understand, the MTRCL has reserved five ticketing counters at the ticket office of the WKS to facilitate the provision of service by the agent authorised by the Mainland high-speed rail operator to sell Mainland journey tickets in the future. This will allow passengers to purchase both cross boundary journey tickets and Mainland journey tickets in one go in Hong Kong. Discussion on these matters, including the level of service fees, is still in progress. The Government will urge the MTRCL to discuss with the Mainland high-speed rail operator with a view to lowering the service fees to a minimum as far as possible, and will join the discussion as and when necessary.