

**Confirmed Minutes of the Sixth Meeting of the
Environment and Conservation Fund Committee
held on 23 February 2012 at 9:30 a.m.**

Present

Dr. Joseph LEE, S.B.S., J.P.	(Chairman)
Mr. CHUA Hoi-wai	
Mr. LEUNG Wai-kuen, Edward, J.P.	
Ms WONG Wai-ching, Connie, J.P.	
Mr. WONG Yiu-kam, Benny, J.P.	DDEP(1), EPD
Ms CHEUNG Miu-han, Betty	P(CR), EPD
Mrs. CHOW DIK Suk-wan	Senior Curriculum Development Officer, EDB
Mr. KW CHEUNG	Senior Conservation Officer, AFCD

In Attendance

Miss CHAN Yin-ting, Eunice	SAO(CR), EPD
Mr. TSOI Kwan-sang, Steve	SEO(CR)1, EPD

Absent with Apologies

Mrs. CHAN NGAN Man-ling, Edith
Ms KUOK Hui-kwong
Prof. LUNG Ping-ye, David, S.B.S., J.P.
Prof. WONG Woon-chung, Jonathan, MH
Mr. Douglas WOO

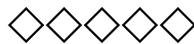
In Attendance for Item 3

Mr. Kent FUNG	Assistant Secretary (Energy)4, ENB
Mr. Raymond TONG	Electrical and Mechanical Engineer/Project 7/3, EMSTF

In Attendance for Item 3 (ii)

Miss Linda CHOY	PA/SEN, ENB
Mrs. Agnes MAK	Executive Director of Hong Kong Productivity Council (HKPC)
Mr. Joseph POON	Director, Technology Development of HKPC

Mr. KL TSANG	General Manager (Environmental Management) of HKPC
Mr. Clement LI	Principal Consultant of HKPC
Ms Jessica CHAN	Senior Consultant of HKPC
Mr. Gary TAM	Consultant of HKPC
Mr. Daniel CHENG	Deputy Chairman of Federation of Hong Kong Industries (FHKI)
Mr. Thinex SHEK	Senior Manager of Hong Kong General Chamber of Commerce (HKGCC)
Ms Suzanne CHEUNG	Head of Environment Management of Business Environment Council (BEC)



Opening Remarks:

The Chairman welcomed all Members to the sixth meeting of the Environment and Conservation Fund (ECF) Committee.

Agenda Item 1: Confirmation on Minutes of the Meeting held on 19.1.2012

2. The draft minutes of the last meeting held on 19 January 2012 were sent to Members on 20 February 2012. The meeting confirmed the draft minutes without amendment.

Agenda Item 2: Matters Arising

Para. 3 Financial Position of the ECF

3. Miss Eunice CHAN reported that the balance in bank as at end of December 2011 was \$1,231.41 million and the uncommitted balance (with amounts of approved projects deducted) was \$440.56 million. Taking also

into account the earmarked amounts under designated programmes, the balance would become \$202.38 million.

Agenda Item 3: Funding Applications Recommended by the Energy Conservation Projects Vetting Subcommittee

(i) Project recommended under Building Energy Efficiency Funding Schemes

(ECF Paper 36/2011-12)

4. Mr. Raymond TONG briefed Members on the paper which summarized the recommendation made by the Energy Conservation Projects Vetting Subcommittee (ECPVSC) on one energy efficiency project with recommended budget exceeding \$2 million. The total amount of recommended funding for the project was \$3,322,500 which would be used for replacement of lifts.

5. After deliberation, the Chairman concluded to approve the energy efficiency project with a total grant amounting to \$3,322,500.

(ii) Hong Kong Productivity Council – CarbonSmart 200
(ECF Paper 37/2011-12)

6. Miss Eunice CHAN took Members through the paper which summarized the proposal submitted by the HKPC with three co-organizers including FHKI, HKGCC and BEC. The 30-month project aimed at rallying the business sector of Hong Kong to support carbon audit and reduction so as to reinforce the strength of the fight against climate change through initiatives including awareness-raising, action-driving, repository-building, empowering and environmental industries capability enhancement. Target business participants of the proposal were companies from four selected sectors including i) office-based operations (priority on import/export, wholesale trade, financing and insurance, and business services); ii) retail; iii) catering; and iv) others (e.g. hotel, logistics, information and communication technology, industrial, engineering, etc.). A sum of \$6 million of the

proposed budget would be used for implementing a Carbon Audit Pilot Fund (CAPF) to provide financial incentive to 200 companies across the four selected sectors to carry out carbon audit on a matching basis with a grant of up to 50% of the cost, subject to a ceiling of \$30,000. An initial repository would be established through collecting data on carbon footprint and essential variables from the 200 participants with a view to linking the data up to the current IT Tool Kit developed by the City University of Hong Kong (CITYU) for future benchmarking purpose. The ECPVSC discussed the proposal at the meeting on 15 February 2012 and considered that the proposal was comprehensive. Members of ECPVSC suggested that the participating companies should be invited to help in the promotion and publicity to erect peers' influence. In response to Members' enquiry on the ownership of the repository, HKPC undertook to hand over its ownership to the Government after project completion for continuous system maintenance with a view to developing a useful long-term benchmarking tool for the reference of business sectors. In view of the worthiness of the project, the ECPVSC recommended supporting it with a total grant of \$9,997,250 to the ECF Committee for approval.

7. Being a Member of the Council of the CITYU, the Chairman declared interest as part of the budget of the proposal amounting to \$100,000 (about 1% of the total project sum) was the service fee to CITYU regarding the establishment of the initial repository.

8. The project team of HKPC was invited to join the meeting at this juncture. Mrs. Agnes MAK briefed Members of the background and objectives of the proposal and Mr. Clement LI conducted a short presentation of the project to Members.

9. A Member considered that the project team should consider the carbon reduction opportunities in different aspects. In response, Mr. Clement LI explained that while particular emphasis would be placed on energy reduction opportunities in this proposal, carbon audits would also include calculation of carbon footprint in paper and water consumption, waste generation, transport logistics, etc. and identify potential improvement measures and their benefits.

10. In answering to a Member's enquiry about the interface of the initial repository with the IT Took Kit developed by the CITYU, Mr. Clement LI explained that through collecting data on carbon footprint of the 200 participating companies in the CAPF, those essential variables would be linked up to CITYU's IT Took Kit for future benchmarking purpose. The repository could be used by the business community to identify initial benchmarks of their operations, assess their position with respect to others in the same sector, identify rooms for improvements and set their own targets. Mr. Daniel CHENG added that the project actually helped businesses to review their whole operation life cycle in an integral manner with an ultimate goal of raising awareness, inducing behavioural and mindset changes of the business sectors in terms of carbon and energy reduction. The project served as a catalyst for private companies in the four selected sectors to conduct carbon audits through provision of a financial incentive on a matching basis. The positive results achieved would encourage the peers in the same sector and then the whole community to follow suit.

11. A Member considered that as funding to applicants was on a matching basis and the initial 200 companies might not necessarily use up the allocated budget, the number of companies to be recruited could increase as long as the allocated funding amount for the programme was not exceeded. With more participation of the companies, a larger set of data could be collected to make the initial repository more representative for future benchmarking purpose. To ensure the funds allocated to the successful applicants were effectively spent, the Member considered that a well-established monitoring system should be devised.

12. The Chairman considered that the project team should try to quantify potential carbon reduction through this project so as to help enhance the promotional effect to the wider business community and the general public. Assistance should also be given to the participating companies on how to reach these targets on their own part.

13. The Chairman opined that HKPC and the three co-organizers should solicit the support of the trade associations of the four selected sectors in promoting carbon reduction among peer companies with a view to reaching a more in-depth penetration and helping to raise their social responsibility.

Mr. Joseph POON responded that the project team would closely monitor the achievements of the project. Under the initiative of awareness-raising, an Industry Outreach Scheme would be conducted to gain wider awareness of carbon audit among companies through meetings and briefing with 30 industry associations. Seminars and workshops would be organized for staff members at different levels of a company. The establishment of a Helpdesk also helped provide quick response to the public about the detailed information of CAPF and offer necessary assistance. Mr. Daniel CHENG, Mr Thinex SHEK and Ms Suzanne CHEUNG assured that together with HKPC, their associations will make use of their extensive business networks to spread the importance of carbon reduction in the business sectors.

14. In answering to the Chairman's enquiry, Mr. Daniel CHENG responded that the proposal would place the focus on small and medium enterprises (SME) which often faced challenges in taking forward carbon audit and energy saving initiatives due to budget constraints and knowledge gaps. The CAPF would hence provide a financial incentive for these companies in the four selected sectors to carry out carbon audits which would identify carbon and energy intensive areas and prioritization of potential improvement measures and their benefits. Through the creation of ten success cases in carbon reduction, the demonstration effect would help overcome the knowledge barrier of those companies that were interested in but not yet ready to embark on carbon and energy reduction. The 200 participating companies would collectively become Hong Kong's showcases in low carbon business.

15. A Member suggested that to motivate more companies to conduct carbon audits and the subsequent improvement work and to raise the awareness of the general public, the success cases should be promoted once available instead of launching them in a whole batch at the end of the project period. Mrs. Agnes MAK said that out of the four selected sectors, catering and retail fields had more direct interaction with the public. Success cases from these two sectors would certainly help raise the awareness of their customers and the positive impacts could be radiated to the wider community.

16. A Member considered that the project was a meaningful scheme with the right focus on promoting carbon reduction among SME. Noting that many SMEs had offices in the Mainland, she enquired on whether such

offices were eligible for the CAPF. In response, Mr. Clement LI explained that only offices of companies located in Hong Kong were covered under the CAPF. Nonetheless, with the benefits brought about by the conduct of carbon audits and improvement measures, there would be greater motivation for participating companies to conduct similar programme in their offices in the Mainland with their own financing.

17. In response to a Member's concern on the availability of qualified service providers (QSP), Mr. Clement LI responded that all projects must be implemented by registered service providers, reference being QSP recognised under BEEFS, Carbon“Less” Certificates Scheme of the Hong Kong Awards for Environmental Excellence and other recognized programmes in Hong Kong.

18. In response to a Member's enquiry about the ownership of the initial repository upon project completion, Mr. Clement LI said that HKPC would hand it over to the Government for continuous system maintenance with a view to developing a useful long-term benchmarking tool for the reference of business sectors.

19. The representatives of the project team left after the discussion at this juncture.

20. A Member remarked that precautionary measures should be devised to safeguard the quality of service providers for carbon audits and to avoid any conflict of interest between carbon audit contractors and contractors for energy improvement works. Miss Linda CHOY agreed with Ms WONG's concern and suggested that the project team should be required to come up with some preventive measures in this respect. Ms Betty CHEUNG advised that the Project Management Committee established with members from academia, trade associations, professional institutions and government departments would undertake to supervise the implementation and monitor the progress of the programme to ensure the objectives be met. Expenditures would be claimed on a reimbursement basis and sufficient quotations were required for each of the services required under the project depending on the item cost.

21. A Member suggested that upon the completion of carbon audits conducted by the 200 participating companies, a comprehensive analysis of the data gathered should be carried out. Another Member concurred and suggested that questionnaires should be conducted in order to comprehensively assess the impact of the project on participants.

22. After deliberation, the Chairman concluded to approve the proposal with a grant of \$9,997,250.

[Post meeting note: The HKPC organized a launching ceremony for the project on 21 March 2012.]

**Agenda Item 4: Environmental Programmes by the Environmental Campaign Committee for 2012/13
(ECF Paper 38/2011-12)**

23. Miss Eunice CHAN briefed Members on the proposed annual programme by the Environmental Campaign Committee (ECC) for 2012/13. The core programme in 2012/13 would include Community Participation Programme in collaboration with District Councils; World Environment Day 2012; Hong Kong Green School Award; Student Environmental Protection Ambassador Scheme; The Hong Kong Awards for Environmental Excellence (HKAEE); Follow-up Programmes to Combating Climate Change Campaign; and secretariat support expenses. The estimated total budget was \$25,242,080.

24. A Member expressed his support to the annual budget of ECC. In response to another Member's enquiry on the availability of revenue for covering part of the estimated expenditures for HKAEE amounting to \$11.9 million in 2012/13, Ms Betty CHEUNG advised that about \$6 million of the budget for HKAEE would be the consultancy service fees for the four Schemes including Sectoral Awards Scheme, Environmental Labels Scheme, the Carbon“Less” Certificates Scheme and the Green Innovations Award Scheme. With a view to recognizing those with good achievements on environmental protection, submission of entries was free of charge and hence

there was no revenue generation. While inflation accounted for a slight proportion of the budget increase, the increase in number of entries was the major factor for the increase in the estimated budget which in fact was a good reflection of the success of the Schemes under HKAEE. The Chairman suggested that surveys be conducted in business sectors to examine the effectiveness of HKAEE in promoting environmental protection. Ms CHEUNG supplemented that a survey was being conducted to gauge such views of the business sector on HKAEE and the findings would be used as reference for further enhancement of the HKAEE.

25. Members noted and made no further comment on the ECC annual programme. The Chairman concluded that the ECC annual budget for 2012/13 was approved with a grant of \$25,242,080.

Agenda Item 5: Date of Next Meeting

26. The next Meeting would be held in around three months from now. The Secretariat would confirm with Members the meeting date in due course.

27. There being no other business, the meeting ended at 12:00 noon.

Secretariat, Environment and Conservation Fund Committee
February 2012