

Report on
Review of the Sustainability Assessment System
in Hong Kong

Sustainable Development Unit
Chief Secretary for Administration's Office
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Chapter One – Background

1.1 General Background

- 1.1.1 Developed under the Study on Sustainable Development in Hong Kong for the 21st Century (Susdev 21), the sustainability assessment (SA) system aims to provide a structured framework for bureaux and departments to identify the sustainability implications associated with a proposal, compare different strategic or policy options, and scope out cross-sectoral or sensitive issues for early attention or joint departmental examination.
- 1.1.2 To incorporate the sustainable development (SD) concept in the policy-making process, all bureaux and departments have since 2001 been required to conduct SAs on their new major initiatives. At present, all bureaux and departments have to set out the SA findings in their submissions to the Policy Committee and the Executive Council, as well as the relevant consultation documents to facilitate an informed discussion by the community.

1.2 The SA System

1.2.1 The SA system is built upon eight guiding principles and a total of 42 indicators that align with the principles. These guiding principles and indicators are set out at *Annexes A and B* respectively.

A&B

1.2.2 The computer-aided sustainability evaluation tool (CASET) is a computer tool which guides users to complete the SA process through a structured and step-by-step framework. The system comprises a set of baseline data for the indicators and supporting maps to assist users in the assessment process. In carrying out a CASET run, a user has to –

- (a) answer a total of 72 characterisation questions, the answers to which help establish which indicator(s) may be affected by the proposal in question;

- (b) assess the impact of the proposal on the relevant indicators through comparison with their baseline data, and to quantify the impact if possible;
- C (c) use the social indicators or the “social checklist” (*Annex C*) to assess the social implications;
- (d) set out non-quantifiable considerations, such as public reaction, to explain other implications not covered by the indicators; and
- D (e) summarise the findings in the form of an SA Report (a sample format at *Annex D*).

1.3 Public Access to SA Findings

1.3.1 As a standard practice, the key SA findings on new Government initiatives are usually made known to the public through Legislative Council Briefs and public consultation documents. In addition, the Monthly Reports of Sustainability Assessments list the titles and brief descriptions of new public policies and proposals that went through the SA process and were made known to the public through Legislative Council Briefs and press releases during the report period. These Monthly Reports are made public through the website of the Sustainable Development Unit (SDU). Direct links have also been provided on this website to the relevant background document and, where applicable, the sustainability implications paragraph of the document for each of the items listed in the Monthly Reports.

1.4 The SA Review

1.4.1 The SDU is committed to keeping the SA system and the CASET effective and up-to-date. Apart from regularly updating the baseline data, we also conduct reviews of the operation of the SA system from time to time. The last review took place in 2003. At the Council meeting on 9 August 2005, the SDU gave a briefing on the SA system

and informed Members that the Unit would undertake a review for completion in 2006. Members advised that the review should have regard to the Susdev 21 findings, the international practice in SA, as well as views and suggestions gathered from within the Administration and outside. Preliminary findings of this review were reported at the Council meeting on 16 December 2005.

- 1.4.2 One of the objectives of the present review is to make the SA system more effective and the assessments more focused.

Chapter Two – Research Findings

As part of the review, the SDU has conducted research into the international practice in SA, and reviewed the Susdev 21 findings.

2.1 International Practice

2.1.1 Our research has shown that SAs worldwide take different approaches. To our best knowledge, they can be broadly categorized into three types, viz. narrative assessment, checklist assessment and indicator-based assessment.

- (a) The narrative assessment approach generally covers any type of assessment which does not have any fixed format or particular presentational requirement. Although guiding questions are usually provided to establish a broad assessment framework so that an assessment would largely cover economic, environmental and social dimensions, it is not mandatory for users to follow these questions, and the assessment outcome is generally more open-ended and flexible. An example is the Impact Assessment adopted by the European Community.^(Note 1)
- (b) Under the checklist assessment approach, users are required to respond to the same set of checklist questions for different proposals. It provides a more consistent framework for assessing both quantifiable and non-quantifiable issues. An example is the SA approach adopted by the City of Melbourne.^(Note 2)

^(Note 1) This is mandatory for all policies and regulations to be applied to all EU countries. There are 119 guiding questions to help provoke users' thinking about a wide range of economic, social and environmental issues associated with a proposal. But users are not required to go through each of them. In general, users will assess the likelihood and magnitude of the impact, as well as compare different options. Users are also recommended to make reference to the EU's SD indicators (tracking indicators) in the assessment.

^(Note 2) Users have to answer a standard SA questionnaire. This questionnaire is constructed on the basis of 25 sustainability aims, contains analytical questions which align with these aims and covers both quantifiable and non-quantifiable issues. Users are also asked to assign a numerical value to indicate the likelihood and magnitude of each impact, resulting in a sustainability score for the proposal in questions. The assessment outcome will be summarised in a Summary Impact Statement, to be included as part of the relevant policy papers.

- (c) The indicator-based assessment approach is organized around a set of indicators, and users are required to go through the same set of indicators for different proposals. This approach focuses on measuring a proposal's impact in quantifiable terms through comparison with the baseline situation of issues represented by different indicators. An example is the SA approach adopted in the UK for development projects at the city level.^(Note 3)

2.1.2 From our observations, each approach has its pros and cons.

- (a) While narrative assessments can be tailored to suit the needs of individual proposals, it is difficult to guarantee consistency between different assessments and there is a high tendency of biased focus in each assessment.
- (b) The checklist assessment approach provides a more consistent assessment coverage and is useful for assessment of non-quantifiable issues, but is still susceptible to subjectivity.
- (c) While the indicator-based assessment approach ensures a higher degree of objectivity as the proposals are measured against a set of quantifiable indicators, the non-quantifiable issues may easily be overlooked.

2.2 Susdev 21 - SA System in Hong Kong

2.2.1 The SA system in Hong Kong, which was developed under the Susdev 21 study, is at present essentially indicator-based, but is supplemented with checklist questions for the analysis of social implications. It therefore encompasses the characteristics of both indicator-based assessment and checklist assessment approaches. Besides, the CASET

^(Note 3) In UK, SA has been made mandatory for all new development projects at the city level under the Planning Act 2004. In doing so, each city will develop its own indicator set, with reference to the national SD indicators developed under the UK SD Strategy. Users will have to, for each individual project, identify relevant indicators from the pool, collect baseline information for the selected indicators and carry out the assessment through comparison with the baseline situations.

provides a step-by-step SA framework with baseline information embedded, mandating users to consider cross-sectoral issues in making the assessments. It is also a useful vehicle to steer the mindset of Government bureaux and departments towards a more “sustainability” approach to decision-making.

2.2.2 In the present review, we have had regard to the following key findings of the Susdev 21 study.

- (a) The eight guiding principles were derived through wide consultation with a broad spectrum of experts and stakeholders at the time of the Susdev 21 study, and represent the fundamental tenets, belief systems and aspirations of the local community.
- (b) Unlike tracking indicators adopted by many other countries, the CASET indicators are not meant to track progress towards SD in society. Rather, it is a tool supported by baseline data that measures the impact of a Government policy or proposal in a *prior appraisal* manner.
- (c) The selection of CASET indicators is based on a number of yardsticks. According to these yardsticks, the indicators should be –
 - simple, sensitive to change, easily understood and measurable;
 - capable of prediction and showing trends over time;
 - uni-directional; and
 - composite in nature and relevant to more than one guiding principle.
- (d) The CASET does not replace the decision-making process. Its values lie with its unique predictive approach in evaluation of

proposals and identification of potential problems at an early stage. It helps bureaux and departments to gain a better understanding of the aims and concerns of other sectors and the types of trade-offs involved.

Chapter Three - Consultation with Stakeholders

Extensive consultation was carried out during the first half of 2006 with all Government bureaux and departments and 25 community stakeholders (*Annex E*).

E

3.1 Proposals for Consultation

3.1.1 We solicited views from both Government users and community stakeholders on the general operation of the SA system. Key proposals put forward for consultation include the following areas.

(a) Review of Sustainability Indicators

Of the existing 42 sustainability indicators, we proposed to delete 14 indicators^(Note 4) that are either insensitive to most of the proposals, not uni-directional (i.e. an increase or decrease in the indicator value cannot be linked to a clear change in the underlying conditions and is subject to interpretations), or already covered by other indicators.

(b) Incorporation of the Government's First Sustainable Development Strategy

To ensure that the assessment of Government policies and proposals takes account of the latest developments in the Council's strategy process, we proposed to include a checklist of questions relating to the agreed targets and objectives of the three pilot areas (solid waste management, renewable energy and urban living space) under the Government's First Sustainable Development Strategy. Users will be required to answer the corresponding checklist questions if a "yes" answer is given to the relevant screening/

(Note 4) The 14 indicators proposed to be deleted are "cancer", "landfill capacity", "energy consumption", "freshwater supply", "local freshwater", "elderly care services", "living space", "housing waiting list", "private rent", "students joining community services", "managed terrestrial habitat", "managed marine habitat", "historical sites" and "beach water quality".

characterisation question(s).

(c) Review of the SA Procedure

To enhance the efficiency in policy evaluation, we proposed to incorporate 11 screening questions at the outset, each related to one aspect of SD, such as the biodiversity or the economy in Hong Kong. If a “yes” answer is given to the relevant screening question(s), the user will then be guided to answer the corresponding set of characterisation questions. “No” answers to all the screening questions would mean that the proposal would have no significant sustainability implications and there is no need for the user to continue with the SA process. Some sample screens showing the screening mechanism are at *Annex F*.

E

3.2 Stakeholders’ Views

3.2.1 The major views gathered are summarized below.

- (a) Users and stakeholders are in general supportive of incorporating the Government’s First Sustainable Development Strategy by way of a checklist of questions and a screening procedure.
- (b) While they generally support the need to make the SA process more efficient, they have expressed reservation about the proposed deletion of certain indicators. Some users and stakeholders consider that retaining these indicators, each of which reflecting a certain aspect of SD, would not make the process more cumbersome as not all of them would be triggered during an assessment.
- (c) Noting that the SA system is designed to measure the sustainability implications of individual policy or project on a territory-wide basis, some stakeholders consider that the SA system should also provide for the assessment of a proposal’s implications for a particular sector, district or community. This is because while the

territory-wide impact of a small-scale development project could be minimal, the project might have a significant local impact on a particular sector, district or community.

- (d) Certain social indicators, such as “urbtix ticket sales” (measuring the extent of cultural vibrancy) and “historical sites” (measuring the extent of heritage preservation), are not able to fully reflect the relevant social aspects of SD.
- (e) The existing guiding principles still reflect the prevailing concerns and aspirations of the community. As these principles are intended to reflect the common goals of sustainability and the needs of future generations as desired by the community, changes to them, if any, should be kept to a minimum to ensure a high degree of certainty.
- (f) Noting that at present members of the public have access to the SA findings, some stakeholders consider that the transparency of the system could be further enhanced.

Chapter Four - Measures to Improve the SA System

4.1 Having regard to our research findings and the stakeholders' views above, we plan to implement the following measures to improve the existing SA system.

(a) Adoption of the “Social Checklist” Approach to Assess Social Implications

- (i) The social indicators were generally found as inadequate or less than specific particularly for the society or social welfare related initiatives. Therefore, the “social checklist” (a checklist of questions on the social dimension of SD) was introduced into the system in 2003 as an alternative to the social indicators, especially for those society or social welfare related proposals that require comprehensive evaluation with regard to social sustainability. With the Government users' increased experience in using the checklist, this approach has proven to be a more effective way to conduct an assessment on the social dimension. We will now make the “social checklist” the only, rather than an alternative, approach to assessing the social implications of proposals.
- (ii) As the aspects reflected by the existing 14 social indicators^(Note 5) have already been subsumed into the “social checklist”, these indicators will no longer be used to assess the social implications of any proposals. But users will still be encouraged to refer to the relevant baseline information kept in the help-desk database in making the checklist assessment.

(b) Changes to Sustainability Indicators

^(Note 5) These 14 indicators are “cancer”, “respiratory diseases”, “communicable diseases”, “housing waiting list”, “private rent”, “housing inadequacy”, “living space”, “elderly care services”, “students joining community services”, “registered volunteers”, “archaeological sites”, “historical sites”, “Urbtix ticket sales” and “education attainment”.

- (i) With the agreement of the Environmental Protection Department (EPD), the custodian department concerned, we will delete the indicator on “beach water quality”, as this indicator is already covered by another indicator on “marine water quality”.
- (ii) Also, taking account of stakeholders’ views, the indicator on “significant landscape features (point-based)” will be expanded to cover the number of old and valuable trees in Hong Kong, and “freshwater supply” will be expanded to “freshwater supply and consumption”. The relevant custodian departments, namely the Planning Department and the Water Supplies Department, support these changes.
- (iii) Subject to (a) and (b)(i) above, all the remaining indicators will be retained. A revised list of indicators is at *Annex G*.

G

(c) Incorporation of the Government’s First Sustainable Development Strategy

Checklist questions relating to the agreed targets and objectives of solid waste management, renewable energy and urban living space will be included. Users will be required to go through these questions once a “yes” answer is given to the relevant screening/checklist question(s). The draft checklist questions are at *Annex H*.

H

(d) Review of the SA Procedure

- (i) At present, an SA is conducted on a territory-wide basis. To remind users to assess the local impact brought about by the proposals on individual districts, communities or sectors, we will require users to, throughout the CASET run, state whether and how individual districts, communities or sectors may be affected.

- (ii) We will make the CASET run more efficient and user-friendly by putting in place measures such as screening questions and merger of assessment screens.

4.2 Appropriate user guidelines on all the new measures above will be promulgated.