

## **A Sustainable Hong Kong: Learning by Doing?**

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***The British Chamber of Commerce in Hong Kong Environment Committee***

***The Hong Kong Club***

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Your chamber has been kind enough to ask me to talk to you today about sustainable development in Hong Kong. Many of you in this room have strong views on the subject. The British Chamber is known for its active and constructive engagement on issues of environmental protection and sustainability. It has encouraged the Hong Kong government to enact and implement bold legislation to build sustainability criteria into our core development strategy. And it has also encouraged us to go beyond our current Environmental Impact legislation and adopt a more holistic sustainability framework for the decisions we make about our urban environment.

Despite being less than a year old, the chamber's new Environment Committee has been a rich and constant source of ideas. It has taken our initiative with such great depth and rigor that it challenges us to work even harder, to do even more to live up to its expectations. Today, I am talking to an audience of the converted. We share many of the same ideals and aspirations.

But do we really understand the meaning of this phrase, "sustainable development"? More to the point, do we know what it means for Hong Kong? Does a wealthy, service-based economy with less and less industry by the day have to do anything at all to become a paragon of sustainable development? Do we need to cultivate the mindset of sustainability in business and government, and educate our children in it?

Hong Kong's experience in sustainable development has been very much one of learning as we go along. Even on the last and most important points, the mindset of our policy makers and education of our children, we learn, we make mistakes, and we evolve. We learn by doing.

What I will be talking to you today is two-fold. First, I would like to bring you up to date on one of our most important current projects in the Council for Sustainable Development. I think you will be glad to hear about what we are doing, which is to pull together some of our best thinkers from all sectors of society to look at the issue of air quality, to see what we have accomplished so far and where the gaps lie in our policies.

Secondly, I would like to explain some of the history of sustainable development in Hong Kong, which has very much been an experience of learning by doing and is far from over. We have set out on a journey, in many ways an ancient path, and it is our unique path despite the wealth of international experience and the embracing of sustainable development by China's central government. What we have achieved in Hong Kong has many flaws but it has also produced one of the world's most comprehensive programs on sustainable development, and we are constantly pushing it to new levels.

In this context, we have set aside a HK\$100 million budget for public education, of which \$11 million has already been allocated. The Sustainable Development Fund targets primary and secondary schools, and complements the extraordinary work of our non-government organizations. Education is key, but there is no textbook. As any educator will tell you, to acquire the mindset of sustainable development you have to begin to think about the world in a brand-new way. A few years ago, Civic Exchange ran an essay contest among primary and secondary students asking them to imagine what happens to the items they throw away. The aim of the competition was to make children think about the waste issue, and the fact that garbage doesn't simply disappear. It can have a long and troubling afterlife, creating a burden on our children's children. This kind of mindset can be taught but not imposed, because it engages the mind in decisions about indirect consequences of our actions.

Now, let me start by telling you about our new air quality initiative, which comes in response to an agenda-setting exercise we conducted last July. We asked an open workshop drawn from every sector of the community what they thought should be Hong Kong's top priority in sustainable development. The response was overwhelming – air quality.

### **Air Quality: Beyond Single Points of View**

Air quality in Hong Kong is a near-perfect example of the political challenges of sustainable development. Within Hong Kong, different parts of the community have very different perspectives on such issues as economic growth, the value of the environment and social stability. We are a wealthy society based on our average per capita income but the gap between rich and poor here is very much greater than in the more mature advanced industrial societies. We are in the strange situation of being a post-industrial financial center immediately next door to one of the fastest growing industrial zones on earth, in the Pearl River Delta, a driver of the Chinese and global economy.

Immediately to the north, we also have the world's largest auto market in the making, with a whole generation taking to the roads for the first time. On top of that, you

have tens of thousands of factories, generating air pollution directly and indirectly, despite China's strict environmental laws, often laxly enforced by provincial authorities who are more focused on economic growth and jobs. As you well know, some 70,000 factories in the Pearl River Delta are owned or operated by Hong Kong entities, further complicating the picture. How do you even begin to grapple with the problem?

In Hong Kong, since the time of the 1999 policy address, we have made inroads against the use of high-sulfur diesel fuels in cars. We have implemented a policy of incentives and infrastructure build-out for the use of liquefied petroleum gas, or LPG, in taxis. A similar policy is about half way implemented for minibuses. The net result is that we have gotten rid of the black exhaust fumes that used to be part of the Hong Kong driving experience. But we still have a long way to go in tackling transport-induced air pollution.

We have also made substantial progress in terms of cross-boundary cooperation with the Guangdong government since the 1999 policy address and we have agreed joint targets for air emission reductions by 2010. Most recently, we have established a network of air quality monitoring stations, which is now operational. These are telling us in real time what is going into the air and where.

It is clear that within Hong Kong, there is a high degree of concern about air quality and a multitude of disconnected programs in the government and private sector. We are now attempting to move to a higher level by looking at the totality of our experience in managing air quality locally. What we have done is establish a study group within the Council for Sustainable Development that will comb through the existing data and policy framework. Over a four-month period, the study group will attempt to develop a comprehensive profile of the problem and a list of priorities in terms of the issues, our options, improvement costs and potential areas for collaboration among government, business, non-governmental organizations, and the community.

We have assembled a small team for this task, including senior members from the Transport, Environmental Protection, and Economic Development Departments and Bureau, as well as members of the Council for Sustainable Development. We held our first meeting recently on January 9, and the team is scheduled to table a draft report by mid-April. This "Better Air Quality" study group will be collating material that already exists as a basis for informed debate and recommendations, out of which the Council can then facilitate action and decision making by the Government.

During this process, we will be looking to identify the many creative ideas that are already in the public policy arena, and to define the choices we need to make now in

order to get faster improvement in our air quality. The exercise is not about what we did badly in the past but how to move forward, constructively, and collectively.

### **Sustainability from the Bottom Up**

Let me turn now to my second topic, which is how we got to this stage. I will not go through the entire history, but the main pattern that we have evolved in Hong Kong is a bottom up process of participatory decision-making. While this is very much part of the philosophy of sustainable development going back to the groundbreaking United Nations report in 1987, Hong Kong has built it into the system. We need to talk through issues and to build consensus around policies in a way that will give confidence to government and community alike.

We saw an example of this last December, when our Environment Secretary, Sarah Liao, tabled a 10-year plan for the management of municipal solid waste. Those of you with long memories will recall that in 1995, when the government tabled an earlier proposal on waste charging to Legco, it resulted in blockades by truck drivers and a huge public outcry. This time around, well before submitting its waste management plans to Legco, the Environment Protection Department worked together with business and civil society to see how much the community was prepared to do about the waste problem.

Senior officials of EPD, starting with Sarah herself, worked with the Council for Sustainable Development to define the issues and discuss them in a community wide process, based on an “invitation and response” document produced by a multi-sector support group on waste management. People from government, business, and civil society, in many cases on a voluntary basis, helped to draft the document, and then participated in a series of workshops with neutral facilitators looking at the issues. An independent researcher summarized the findings, including survey responses, in a report to the Council, which was further debated and presented to the government in the form of recommendations.

What we discovered in this process was that the community was ready to accept change. To go into some of the specifics, we, the people of Hong Kong, said that we were ready to accept an increase in the recovery rate of municipal solid waste by a substantial margin. We were ready to cut in half the amount of municipal solid waste disposed in landfills by the year 2014. We were also ready to accept a reduction of one percent annually in the amount of waste we produce. All of these targets were adopted in the government’s new waste management paper. The fact that the community has already signed off on the targets should make it easier for Legco to pass the bills into law. Legco can see that the targets and principles have broad public support, even if they should wish to make changes.

As some of you will know, we carried out a parallel process for renewable energy and urban living space. The British Chamber commented on all three sets of recommendations. In waste management, you argued that we were “not aggressive enough” and needed a higher target than a one percent annual reduction of waste generated through 2014. This is a useful opinion, and I would not be sorry to see Legco ask for a more ambitious number. But the important point is that we have built sustainability into this policy through the process of public engagement and consensus building.

In many ways, Hong Kong has one of the most extensive programs on sustainable development of any major city. Every government department runs new development projects through a sophisticated computer analysis of its sustainability. A government office, the Sustainable Development Unit, was set up in 2001. It maintains a wide network of relations with experts and international organizations, as well as providing support for the Council itself.

Donald Tsang, our chief executive, was chairman of the Council during its formative years from 2003 to 2005. The fact that its recommendations have become government policy reflects his leadership and commitment.

As the Council enters its third year, it has begun a second round of deliberations and public engagement on a sustainable strategy for Hong Kong. In addition to air quality, it has identified population policy as a priority issue. Population policy underlies everything else in public policy in Hong Kong. Many of the policies we pursue today, not to mention attitudes and prejudices are based on the demographics of ten or even twenty years ago. New policy needs to be made that reflects a society that has a low fertility rate and is rapidly aging, that is strong in services rather than manufacturing, and so on.

In both of these new initiatives, we welcome your help, and the help of other business associations. That help can come in the form of ideas and suggestions, or parallel initiatives such as those of the Business Coalition for the Environment and the Federation of Hong Kong Industries. We particularly need the input of multinationals, which can approach our problems with air quality and demographic forecasting from a comparative basis. In this region, multinationals wield enormous influence through their buying power as well as their financial sophistication and technology. All three of these strengths could be helpful as we attempt to come at our problems from a new perspective, that of sustainable development.

I started out by saying that in Hong Kong, we have evolved our own approach to sustainable development, and that we learn by doing. This is not entirely true. We

have benefited from the experience of communities elsewhere, from the United Nations and the World Business Council for Sustainable Development to the World Wildlife Fund for Nature. These are all our teachers, as are many of our local companies and organizations that have worked hard to adopt more responsible practices and holistic thinking.

You may ask, with all this, why don't we have blue skies and a vibrant waterfront like Sydney or Toronto? I have to say, give us time, and keep giving us your ideas and support.

Thank you very much.