

Legislative Council Meeting of 29 September 2021
Motion Debate on
“Fostering the achievement of carbon neutrality”

Progress Report

Purpose

At the Legislative Council meeting on 29 September 2021, the motion on “Fostering the achievement of carbon neutrality” moved by the Hon CHAN Chun-ying as amended by the Hon Elizabeth QUAT was passed. The full text of the motion carried is at **Annex**. This report sets out the follow-up actions taken by the Government of the Hong Kong Special Administrative Region (the SAR Government) in respect of the motion.

Latest Progress

2. To align with our country’s commitment to achieve carbon neutrality before 2060, the Chief Executive announced in her 2020 Policy Address that Hong Kong would strive to achieve carbon neutrality before 2050. She also chairs a new inter-departmental “Steering Committee on Climate Change and Carbon Neutrality” (Steering Committee) set up in July 2021 to formulate the overall strategy and oversee work progress.

3. Under the leadership of the Steering Committee, the SAR Government announced the Hong Kong’s Climate Action Plan 2050 (CAP2050) in October 2021. Focusing on the three major sources of carbon emissions in Hong Kong, i.e. electricity generation, transport and waste, the CAP2050 outlines the four major decarbonisation strategies and measures, namely “net-zero electricity generation”, “energy saving and green buildings”, “green transport” and “waste reduction”, for achieving carbon neutrality before 2050, as well as the interim target to reduce Hong Kong’s total carbon emissions by half before 2035 from the 2005 level. The CAP2050 and its pamphlet have been uploaded to the Environmental Protection Department’s (EPD) website (https://www.epd.gov.hk/epd/english/resources_pub/policy_documents/index.html).

As regards the specific suggestions made by Members, the SAR Government has implemented the following measures:

(1) Stepping up public education and publicity on knowledge relevant to carbon neutrality, so as to encourage people to practise a green and low-carbon lifestyle

4. The SAR Government has been disseminating knowledge about climate change to the public through various channels, including producing television and radio programmes, creating the Climate Ready Website and organising school competitions, etc. To complement the release of the CAP2050, the Announcements in the Public Interest, Carbon Neutral@HK, has been broadcast on major television channels since the end of September this year to disseminate information about the adverse impacts of climate change. Short videos encouraging the public to practise low-carbon living have also been launched on the Climate Ready Website and social media platforms, including Facebook and Instagram, with a view to reaching out to the wider community to promote messages relating to carbon neutrality.

(2) Various government departments taking the initiative to formulate and announce their respective carbon reduction targets, timetables and roadmaps, such as raising the proportion of electric vehicles in the government fleet and actively implementing green procurement, with a view to taking the lead to cope with climate change

5. The SAR Government has been leading by example to formulate carbon emissions reduction targets, timetables and roadmaps. On the promotion of energy saving for reducing carbon emissions, the SAR Government achieved the five-year (i.e. 2015-16 to 2019-20) target of reducing electricity consumption in government buildings by 5% in 2018-19, one year ahead of schedule, with a final electricity saving of about 7.8%. Over 110 million kWh of electricity was conserved in 2020 as compared with 2015, and about 77 000 tonnes of carbon emissions were reduced (i.e. about 0.2% of Hong Kong's total carbon emissions). Subsequently, the SAR Government has also set a new Green Energy Target with a view to

further improving the energy performance of departments of the SAR Government by 6% within five years from 2019.

6. Regarding raising the proportion of electric vehicles (EVs) in the government fleet, as at the end of September 2021, there were 151 EVs of various models in the government fleet. They were mainly small and medium cars accounting for 8% of the total number of government cars, which higher than the overall penetration of electric private cars in Hong Kong (3.7%). To demonstrate the commitment in pushing forward Hong Kong's transition to EVs, as indicated in the Hong Kong Roadmap on Popularisation of Electric Vehicles announced in March this year, EV has been set as standard for small and medium government private cars to be procured or replaced, unless there are special circumstances such as operational needs that render the use of EVs technically infeasible. The SAR Government will set an example for public and private organisations by keeping track of the latest technological development of EVs in exploring further electrification of the government fleet at an appropriate juncture, with a view to further advancing the popularisation of EVs in Hong Kong.

7. On promoting green procurement, the number of product and service items on the green procurement list of the SAR Government has been expanded from 150 to 183, with updates on the relevant green specifications and provision of more easy-to-understand green purchase tips. Furthermore, the EPD will continue to promote green procurement in the public and private sectors. The concerted efforts of the Government and the community in implementing green procurement will boost the market demand for green products and services, thereby fostering the achievement of carbon neutrality.

(3) Exploring and developing more green projects, including cooperating with the Mainland authorities in developing green infrastructure

8. By enhancing cooperation, Hong Kong and the adjoining Greater Bay Area cities may complement one another with their own strengths to achieve synergy, with a view to developing an innovation and technology (I&T) upstream, midstream and downstream industrial chain, thus

contributing to our country's advancement towards carbon neutrality. In this connection, the SAR Government supports exploring of opportunities for exchanges and collaboration with neighbouring regions in various areas, including I&T projects under the theme of green technology, building low-carbon communities, developing decarbonisation technologies, promoting low-carbon products and nurturing talent, etc. Regional cooperation is also the key to achieving low-carbon electricity generation in Hong Kong. Hong Kong's renewable energy (RE) development has been limited by its geographical constraints. To increase the use of zero-carbon energy, it is necessary to cooperate with neighbouring regions. With the large-scale development of RE in the Mainland, Hong Kong may explore the feasibility of developing new projects outside the territory, such as joint ventures in electricity projects by the power enterprises of Hong Kong and the Mainland.

(4) Actively developing modes of public transport powered by new energies with low carbon emissions

9. The SAR Government will actively promote the development of various new energy public transport. In the coming two to three years, trials for 33 single-deck electric buses (e-buses) will be completed, while those for green Public Light Buses, electric and hybrid ferries, double-deck e-buses as well as e-taxi will commence. The SAR Government plans to collaborate with the franchised bus companies and other stakeholders in the next three years to conduct trials for hydrogen fuel cell e-buses and heavy vehicles, with a view to setting a concrete way forward and timetable for adopting new energy public transport in around 2025. As regards ferries, the SAR Government will subsidise ferry operators to conduct trials for electric and hybrid ferries. Subject to the trial results and relevant technological developments, the SAR Government will explore with the ferry operators the possibility of progressively replacing traditional ferries with new energy ferries before 2035.

(5) Expediently implementing the issuance of retail green bonds and examining the establishment of a carbon trading platform to direct market and private capital to support carbon neutrality, and actively developing green and sustainable finance

10. The SAR Government continues to join hands with the financial regulators and the industry to promote the development of green and sustainable finance in Hong Kong, with a view to contributing to the goal of achieving carbon neutrality before 2060 in the Mainland and before 2050 in Hong Kong, and elevating Hong Kong's position as a green and sustainable finance hub in the region.

11. A total of US\$3.75 billion equivalent of green bonds, targeting global institutional investors, was successfully issued under the Government Green Bond Programme in November 2021. The offering, comprising a 10-year USD tranche, 5-year and 20-year EUR tranches and 3-year and 5-year RMB tranches, was well received by global investors, underscoring investors' confidence in Hong Kong's credit strengths and economic fundamentals in the long term. The SAR Government is also preparing for the issuance of retail green bonds within this financial year for the participation of the general public and deepening of their understanding of green finance.

12. To help attract more green and sustainable bond issuers and borrowers to use Hong Kong's fundraising platform and professional services, the SAR Government continues to promote the Green and Sustainable Finance Grant Scheme among market players to encourage issuance of green and sustainable bonds and loans in Hong Kong and attract more financial and professional service providers and external reviewers to set up or expand in Hong Kong, with a view to establishing a well-rounded green finance ecosystem. As at mid-November 2021, around 30 applications have been approved under the scheme covering various kinds of green and sustainable debt instruments.

13. The Green and Sustainable Finance Cross-Agency Steering Group (Steering Group), formed by relevant bureaux and financial regulators, has spared no efforts in promoting its strategic plan promulgated in December 2020, in collaboration with relevant

stakeholders and the financial industry. Among others, the Steering Group welcomes the publication of Common Ground Taxonomy report in November 2021 by the International Platform on Sustainable Finance, and the publication of the prototype for the climate disclosure standard, which the Steering Group will evaluate and develop a roadmap to adopt.

14. The Steering Group is also assessing the feasibility of developing Hong Kong as a regional carbon trading centre, having regard to the opportunities presented by both the compliance carbon market and the voluntary carbon market in China and overseas, including the potential size of the carbon product market and policy support needed. The assessment report is expected to be completed in December 2021. Meanwhile, the SAR Government will promote co-operation between Hong Kong Exchanges and Clearing Limited and the Guangzhou Futures Exchange in areas such as clearing, technology, product development and marketing to drive the development of a green and low-carbon market in the region.

Conclusion

15. Combating climate change required proactive actions. The SAR Government will actively implement the decarbonisation strategies set out in the Hong Kong's Climate Action Plan 2050, and conduct a review every five years in line with the spirit of the Paris Agreement to finetune and improve the decarbonisation measures, strategies and targets, having regard to the latest developments of various zero-carbon technologies.

Environment Bureau

Financial Services and the Treasury Bureau

November 2021

Council meeting of 29 September 2021
Hon CHAN Chun-ying's motion on
“Fostering the achievement of carbon neutrality”

Motion as amended by Hon Elizabeth QUAT

That human activities cause an increase in atmospheric concentration of greenhouse gases, and as a result, climate change becomes an issue of global concern; the country's 14th Five-Year Plan states categorically that it will endeavour to achieve the peak of carbon emissions in 2030 and carbon neutrality before 2060; in order for Hong Kong to achieve the goal of carbon neutrality before 2050, the Government will update the ‘Hong Kong's Climate Action Plan’ in late 2021 to set out more proactive strategies to reduce carbon emissions and measures to cope with climate change; in this connection, this Council urges the Government to actively consider the following proposals:

- (1) stepping up public education and publicity on knowledge relevant to carbon neutrality, so as to encourage people to practise a green and low-carbon lifestyle;
- (2) various government departments taking the initiative to formulate and announce their respective carbon reduction targets, timetables and roadmaps, such as raising the proportion of electric vehicles in the government fleet and actively implementing green procurement, with a view to taking the lead to cope with climate change;
- (3) exploring and developing more green projects, including cooperating with the Mainland authorities in developing green infrastructure;
- (4) actively developing modes of public transport powered by new energies with low carbon emissions; and
- (5) expeditiously implementing the issuance of retail green bonds and examining the establishment of a carbon trading platform to direct market and private capital to support carbon neutrality, and actively developing green and sustainable finance.