

TRANSCRIPT

Beyond Compliance: Cross-Sectoral Collaboration in Policy Decision-Making

Rohan Hazell:

Governments are responsible for nation-wide policymaking, but these decisions aren't made in a vacuum.

Professor Christine Loh, Chief Development Strategist at Hong Kong University of Science and Technology's Institute for the Environment, suggests that the best policies are made in close collaboration with the private sector - and that businesses should take a proactive role in co-creating policies that can benefit society as a whole.

Professor Christine Loh:

Let me take waste management as something that requires a major change in society. So, first of all, if you are used to just collecting all the waste and dumping it in a landfill, what government would do is just try to have a very effective way of collecting waste and then dumping it in a landfill.

However, if your priorities change, and you want to reduce the total amount of waste then you would start thinking about how you would reduce waste in society. Now, it isn't the government that produced the waste. It is everybody in society that produces the waste. So, how do you get everyone in society to do so?

So, one way is to charge them, to make it more expensive for them. You're not asking them just to pay for someone taking the waste away. You're asking them now to pay a lot more for the waste to be taken away because the waste has to be treated and the treatment costs, you are going to wrap it up into a waste charge, right? So, this is the directional change.

Now, politicians can object to this, they can say; "No, the people won't like it, they will object because it's too complicated." But over time, people do accept that we can't carry on like that. Waste reduction, waste recycling, because if you don't separate the waste, you can't recycle. So, people understand the priorities have to change.



But once you say, how am I going to design a system that is going to work in my city to actually get people to change their behaviour, to charge them an amount that will stimulate them to change their behaviour, pass what kind of laws that they must separate the waste?

And then you have to actually create a whole chain of events, and also purchase of equipment and plants to actually process the waste for recycling.

So, actually it is a very big deal, and if we look back at different cities around the world that have done that, no one has done them from one day to the next. And if you track efforts by different cities, it usually takes quite a number of years for them to go on the simple step to eventually having a whole system in place and every step of the way, there is actually some politics because you have to persuade people yet again to do something different.

What about the role of business?

There are two issues here. One is that a company can only do so much. So, for example a company can separate waste by itself, but there isn't a public system that actually takes the waste to recycling. That means the company's own efforts will be insufficient. Or some people would say, it's a waste of time for me to do it because the whole system is not there, and that would be correct.

Now, the second issue is, so what can a company do? So, a company can of course also lobby a government to say, we are ready for the change. If you change, you are actually creating a new level playing field where all companies have to do the same thing.

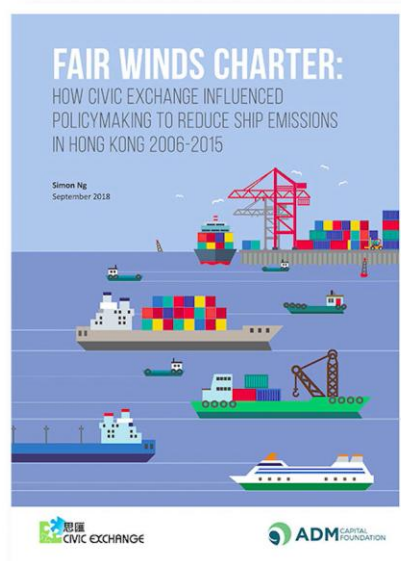
So, a company doesn't have to resist and say, "it's more complicated and more expensive, so I don't want to do it." They can actually say, "we know this is better for society and we are prepared to do it." And "actually, we want everybody to do it because that would be a new level playing field."

The other thing that they can do is, for example, in decarbonisation. If they believe that the future is about a much lower carbon world, a zero-carbon world, if they were the first to do something that will crack the nut, they could be the company that will reap the benefit the fastest.

So, a company has to think through itself where it wants to position itself. In terms of doing something that it is prepared to do but it can't do all by itself.

Fair Winds Charter: Collaboration in Action

One of the things that is an acknowledged winner between collaboration of business, civil society and government, is something called the Fair Winds Charter.



Source: Civic Exchange

We know that big ships actually pollute a lot because they burn bunker fuel. And bunker fuel is the dirtiest of fuels. So some years ago in Hong Kong, we decided that what we want is for ships to use a cleaner fuel when they sail into Hong Kong, so that when they're in Hong Kong waters, the amount of pollution that they put out would be less and that the people would benefit because the people would be able to not suffer from as much air pollution.

At one time the NGO that I was a member of called Civic Exchange, actually it is a think tank. We worked for two years with the shipping sector. These are shippers and ship owners. We asked them if they were willing to do more, and actually they came up with the idea that they could try to persuade the government to create a new level playing field by entering into a voluntary arrangement called the Fair Winds Charter. So, these are a number of companies coming together saying that they are willing to switch to a cleaner fuel when their ships berth in Hong Kong.



The shipping companies felt that they all lived in Hong Kong. They were operating in Hong Kong, even though some of the companies were international companies. They felt that this is something that they can do, and similar laws had already emerged in parts of the United States and also in Northern Europe. So, they thought that they could do something similar in this part of the world, and they knew how to do it, the technology of switching fuels. So, it was driven by their sense of social responsibility.

So because they were willing to do this voluntarily at their own cost, they became a powerful advocate in front of the government to say, “Look, we know what we are doing. This is our industry. We want to be good citizens, and we are prepared to do this at our own cost. What we want you to do is to change the law.”

So, change the law to require all ships when they berth in Hong Kong to switch to a cleaner fuel. Well, this became a success in Hong Kong. This policy was then suggested to the national government in China, who also eventually adopted the same policy.

And it actually went further because the national government together with the shipping sector actually decided that even when the ships sail into a certain area of waters that they

should already switch to a cleaner fuel. So, this is an acknowledged success in the environmental world, particularly for the maritime sector.

Rohan Hazell:

Government regulations can create incentives and a level playing field - but only when the private sector is involved in the decision-making process.

To contribute to redesigning society, companies must be proactive in collaborating with governments in identifying opportunities to address externalities, and in lobbying policymakers to create the right conditions for industry-wide transformation.