

For discussion
23 June 2008

Legislative Council Panel on Environmental Affairs

Progress of the Development of EcoPark

Purpose

This paper updates Members on the progress of the development of EcoPark in Tuen Mun Area 38.

Background

2. In the document “A Policy Framework for the Management of Municipal Solid Waste”, the Government has mapped out a comprehensive strategy on waste management. One of the key initiatives in the Policy Framework is the establishment of the EcoPark in Tuen Mun Area 38, which provides long-term land at affordable costs for the development of the recycling and environmental industry with a view to encouraging investment in more advanced technologies and value-added processes.

3. The EcoPark will be primarily used for processing of recyclable materials collected from local sources. Priority would be given to materials that are targets of Producer Responsibility Schemes of the Government’s waste management policy.

Progress To-date

Construction

4. The EcoPark occupies 20 hectares of land in Tuen Mun Area 38 and is developed in two phases. The construction works of the 8-hectare Phase I commenced in early July 2006. Infrastructural facilities of the EcoPark have now been substantially completed and are ready for use by the tenants to support their recycling operations. These facilities include access roads, marine frontage, weighbridge, sewers, stormwater drains, electricity, water supply and telecommunication network as well as a multi-function administration building. A total of 6 lots have been formed for allocation to recycling of designated materials. A site plan showing the layout of EcoPark Phase I is attached as Enclosure 1.

5. The 12-hectare site for EcoPark's Phase II development is currently used by the Civil Engineering and Development Department as a fill bank. Planning for development of the Phase II lots will commence when the area is anticipated to be available towards the end of 2008.

Management

6. A management company was engaged, through open tendering, in November 2006 to look after the daily operation and maintain the common facilities of the EcoPark.

7. Since the award of tenancies to the first batch of three lots in April 2007, the management company has been providing various support and advisory services to the tenants for setting up their plants. These include liaison with government departments, applications to utility companies, employment of architects, sourcing of waste materials and promotion of collaboration among tenants.

8. In 2007-08, the management company has hired more than 20 staff for the provision of maintenance, cleansing, security control and marketing work. The majority of the staff are from Tuen Mun. This is in response to the request of Tuen Mun District Council to create as many job opportunities as possible for Tuen Mun residents. More staff may be hired by the company in 2008-09 after the commencement of recycling operations in the EcoPark.

Tenancies of the Lots

9. The Environmental Protection Department (EPD) conducted an Expression of Interest exercise in 2006 to seek market interest and feedback for establishing environmental and recycling business at EcoPark. The responses were positive. In setting the tendering strategy and requirements, EPD has also consulted the recycling trade associations, Hong Kong General Chamber of Commerce, Federation of Hong Kong Industries, Hong Kong Productivity Council and relevant professional bodies.

10. There are a total of six lots in Phase I of the EcoPark. As of to-date, three lots have been awarded to recycling of waste wood, used cooking oil and computers. These tenants are working on their building plan submissions with a view to commencing recycling operations in late 2008. Of the remaining three lots, the lot designated for plastics recycling was first leased out in April 2007 but the successful tenant later failed to provide the performance guarantee required. We re-tendered the site in February 2008 and expect to sign the new

lease agreement with the new tenant shortly. The tenancy for the lot designated for waste tyres was terminated as the tenant failed to make any progress in setting up the recycling operation and pay the rent. As regards the lot for organic waste, we have invited tenders for the site in February 2008 but, unfortunately, the successful tenderer has later decided to withdraw its bid for commercial reasons. We are now preparing to retender these two sites. A summary of tenants' current progress is attached as Enclosure 2.

11. Planning and advance leasing of Phase II lots will commence towards the end of 2008.

12. With the experience gained in previous tender exercises, it is considered that some tender requirements are quite stringent and have imposed constraints on tenants' cash flow, construction programme, feedstock as well as business models. To address tenderers' response and make EcoPark more attractive to the trade, EPD will review the tenancy requirements for Phase II lots. EPD is considering to –

- (a) lower the amount of performance guarantee and accept replacement capital investment so that successful tenants would have the necessary cash to start up business at EcoPark;
- (b) early signing of the tenancy agreements before the handing over of the completed sites to the operator to allow sufficient time for submission of building plans etc. during the "rent-free" period;
- (c) permit the operators to process other materials in addition to the designated waste materials; and
- (d) consider allowing a wider scope of environmental industries to operate in the EcoPark in addition to waste recycling.

13. EPD will also consider the possibility of exhibiting demonstration units of recycling and/or relevant environmental technologies at the EcoPark.

Implementation programme

Tasks	Date
Commencement of construction	July 2006
Award of management contract	November 2006
Allocation of first batch of Phase I lots to tenants	April 2007
Allocation of second batch of Phase I lots to tenants	December 2007
Allocation of third batch of Phase I lots to tenants	May 2008
Tendering of remaining Phase I lots	2008
Commencement of Phase II construction	late 2008/2009

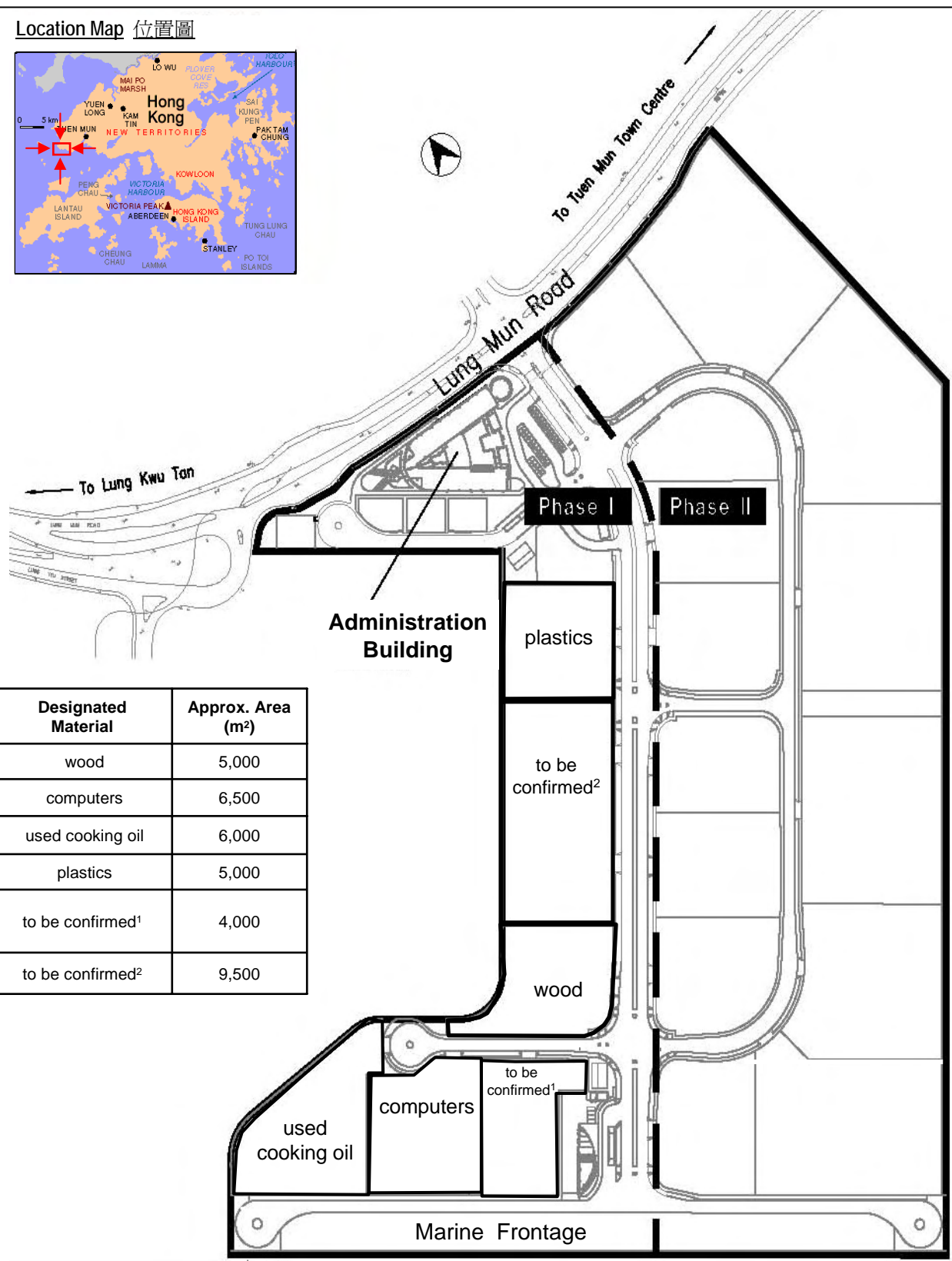
Way Forward and Advice Sought

14. EPD and the management company of the EcoPark will continue to liaise closely with the tenants and provide further support and assistance if necessary.

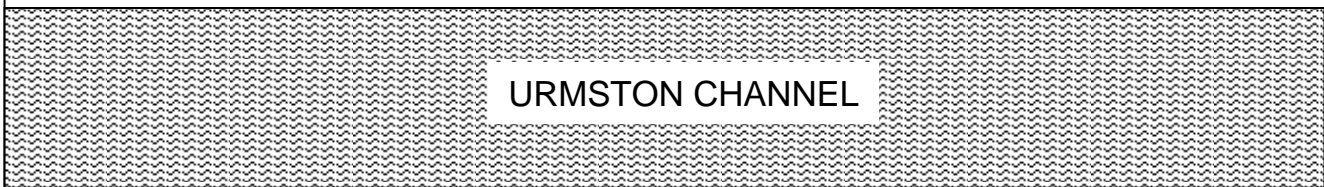
15. Members are invited to note the above implementation progress of the development of EcoPark and the leasing of EcoPark lots.

**Environmental Protection Department
June 2008**

Location Map 位置圖



Designated Material	Approx. Area (m ²)
wood	5,000
computers	6,500
used cooking oil	6,000
plastics	5,000
to be confirmed ¹	4,000
to be confirmed ²	9,500



URMSTON CHANNEL



Enclosure 2 – Development Progress of the four existing tenants

	EP06-032 Hung Wai Wooden Board Company	EP07-02 Li Tong Group	EP07-03 Champway Technology Ltd	EP08-01 Hong Kong Telford Envirotech Group Ltd
Site area	5,000 square metres	6,500 square metres	6,000 square metres	5,000 square metres
Materials to be recycled	Waste wood	Used computer equipment	Waste cooking oil	Waste plastics
Committed quarterly throughput	12,500 tonnes	300 tonnes	10,000 tonnes	about 5,100 tonnes
Proposed process	Shredding of waste wood for manufacturing of flakeboards at their plants in Mainland	<ul style="list-style-type: none"> • Repair and reuse; • Sorting, dismantling and shredding for further recycling 	Manufacturing of biodiesel	Shredding and pelletisation of waste plastics
Committed investment	HK\$13.1 million	HK\$9 million	HK\$56 million	HK\$12 million
Latest development progress	<ul style="list-style-type: none"> • Applying for import permit from Mainland China; • Buildings Department is vetting the building plans of the factory buildings; • Arranging collection of waste wood from waste sources 	<ul style="list-style-type: none"> • Temporary office built; • Applying for licences from EPD; • Buildings Department is vetting the building plans of the factory buildings. 	<ul style="list-style-type: none"> • Temporary office built; • Applying for licences from Fire Services Department and EPD; • Liaising with restaurant trade for collection of waste cooking oil; • Preparing building plans for submission to Buildings Department 	<ul style="list-style-type: none"> • Preparing performance guarantee • Appointing qualified professionals to prepare buildings plan for submission to Buildings Department