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Panel on Environmental Affairs

Meeting on 22 November 2010

Background brief on development of EcoPark

Purpose

This paper sets out the background to the development of EcoPark, and gives a brief account of the views and concerns expressed at meetings of the Council and the Panel on Environmental Affairs (the Panel).

Background

2. In 2009, Hong Kong recycled 49% of its municipal solid waste (MSW), but over 99% of recovered recyclable materials were exported for further re-processing while less than 1% was treated locally and re-manufactured into useful products. In the document "A Policy Framework for the Management of Municipal Solid Waste (2005-2014)" (Policy Framework), the Administration has mapped out a strategy on waste management that places emphasis on waste reduction and recovery. With the measures to promote waste recovery, recycling and reuse in place, a robust local recycling industry is required to handle the increasing amount of recyclables that we will be able to recover.

3. According to the existing recycling operators, high land and labour costs as well as insufficient recyclable materials collected are the major barriers to the growth of recycling industry in Hong Kong. The Policy Framework sets out measures to support the recycling industry. This includes allocating suitable land, encouraging research and development, introducing environmental legislation and providing effective support measures. Apart from improving the collection

network through separation of waste at source, the Administration has been allocating suitable land for the recycling trade on short-term tenancies. To encourage long-term investments and provide incentives to establish higher end industries and downstream services, the Administration has set aside 20 hectares of permanent land in Tuen Mun Area 38 for setting up an EcoPark.

EcoPark

4. EcoPark aims to provide 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. The basic physical infrastructure of EcoPark is built and funded by the Administration. Individual recycling companies can acquire an area of land at affordable costs with tenures sufficiently long to justify their investments in value-adding and for higher end operations. EcoPark is primarily used for processing of recyclable materials collected from local sources. Priority would be given to materials that are targets of Producer Responsibility Schemes.

5. EcoPark is being developed in two phases. Phase 1 occupies approximately 8 hectares of land and comprises a multi-function administration with a visitor centre, and six lots with a total of 3.6 hectares of rentable area. Phase 2 occupies approximately 12 hectares with total rentable area of about 10 hectares. Typical lot sizes for Phase 1 and Phase 2 are around 5 000 square metres (m²) and 10 000 m² respectively. There would be flexibility to combine adjacent lots or subdivide lots to suit different needs.

6. All six lots in Phase 1 have been leased out for recycling of waste cooking oil, waste metals, waste wood, waste computers, waste car batteries and waste plastics. As end September 2010, four tenants (waste cooking oil, waste metals, waste wood and waste computers) have commissioned their operation. As for the remaining two tenants, one plans to commence initial operation by October/November 2010 while the other will soon start the construction work.

7. The site formation and road works of the remaining Phase 2 area have been substantially completed and the lots will be available for leasing by end 2010. The Administration plans to set up two waste recycling centres in Phase 2 with a view to providing a secured outlet for recyclables with relatively limited market demand. These include waste plastic which is affected by economic downturns and waste electrical and electronic equipment (WEEE). The two recycling centres are to be managed by non-profit organizations selected through open tender

and with subsidies from the Environment and Conservation Fund. The plastic recycling centre has commenced its operation in March 2010 and WEEE centre will start its operation by end 2010.

Management of EcoPark

8. A management company was engaged, through open tender, in November 2006 to look after the daily operation and maintain the common facilities of EcoPark. Since the award of tenancies to the first batch of three lots, the management company has been providing various support and advisory services to the tenants in 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.

Leasing arrangement for Phase 2 lots

9. With the experience gained in the tendering of the six Phase 1 lots, the Administration considers that some tender requirements are quite stringent and have imposed constraints on tenants' cash flow, construction programme, feedstock as well as business models. Taking into account the feedback from project stakeholders and the survey from the trade, adjustments to the types of waste to be processed, lot size, length of tenancy and tender assessment will be made to increase the attractiveness of EcoPark Phase 2.

Deliberations at meetings of the Council and the Panel

10. The Panel has been monitoring the development of EcoPark. The subject was discussed at Panel meetings on 30 May and 15 December 2005 as well as 23 June 2008.

11. Panel members generally supported the establishment of EcoPark to help reduce waste, foster the development of recycling industry and create job opportunities. However, some members were disappointed at the modus operandi of EcoPark, which in their views were not able to attract potential tenants as evidenced by the difficulties in leasing out the lots in Phase 1 of EcoPark. Consideration should be given to setting up a limited company to manage and operate EcoPark as a business enterprise, as in the case of the Tai Po Industrial Estate, so that greater flexibility could be exercised in determining the size and operation of the lots to be leased out. They also pointed out that the use of public tender for leasing of lots might not be appealing to the recycling operators as some

of them might not be ready to participate in public tender. Greater flexibility should be allowed in the leasing process to facilitate participation of interested recycling operators. Apart from developing recycling operations at a larger scale at EcoPark, efforts should be made to encourage small-scale recycling operators by making smaller lots for tender.

12. A question on the progress of the development of the EcoPark was raised at the Council meeting on 6 January 2010. The question and the Administration's response are hyperlinked below for ease of reference.

Latest development

13. The Administration will brief members on the progress of the development of EcoPark at the Panel meeting on 22 November 2010.

Relevant papers

Information paper provided by the Administration for the Environmental Affairs Panel meeting on 30 May 2005

<http://www.legco.gov.hk/yr04-05/english/panels/ea/papers/ea0530cb1-1631-2-e.pdf>

Minutes of the Environmental Affairs Panel meeting on 30 May 2005

<http://www.legco.gov.hk/yr04-05/english/panels/ea/minutes/ea050530.pdf>

Information paper provided by the Administration for the Environmental Affairs Panel meeting on 15 December 2005

<http://www.legco.gov.hk/yr05-06/english/panels/ea/papers/ea1215cb1-486-5-e.pdf>

Minutes of the Environmental Affairs Panel meeting on 15 December 2005

<http://www.legco.gov.hk/yr05-06/english/panels/ea/minutes/ea051215.pdf>

Information paper provided by the Administration for the Environmental Affairs Panel meeting on 23 June 2008

<http://www.legco.gov.hk/yr07-08/english/panels/ea/papers/ea0623cb1-1932-5-e.pdf>

Minutes of the Environmental Affairs Panel meeting on 23 June 2008

<http://www.legco.gov.hk/yr07-08/english/panels/ea/minutes/ea080623.pdf>

Question raised by Hon Jeffrey LAM at the Council meeting on 6 January 2010
http://www.legco.gov.hk/yr09-10/english/counmtg/agenda/cm20100106.htm#q_16

Administration reply to question raised by Hon Jeffrey LAM at the Council meeting on 6 January 2010
<http://www.info.gov.hk/gia/general/201001/06/P201001060173.htm>

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