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**Panel on Environmental Affairs**

**Meeting on 27 May 2013**

**Updated background brief on "Environment and Conservation Fund"  
prepared by the Legislative Council Secretariat**

**Purpose**

This paper provides background information on the Environment and Conservation Fund ("ECF"), and gives a brief account of the views and concerns expressed by members of the Panel on Environmental Affairs ("the Panel") on the subject.

**Background**

2. ECF was established in 1994 under the Environment and Conservation Fund Ordinance (Cap. 450) to provide financial support for research, waste recovery and educational projects that promote environmental protection and nature conservation. The Finance Committee approved an injection of \$50 million each in 1994 and 1998, \$100 million in 2002, \$35 million in 2006, \$1 billion in 2008 and \$500 million in 2011.

3. In his 2013 Policy Address, the Chief Executive announced that \$5 billion has been earmarked for injection into ECF so that the investment returns of the fund can provide long-term and sustained support for green actions initiated by the community.

**Operation of ECF**

4. The ECF, since its establishment in 1994, has set up a robust mechanism of project vetting and monitoring. An organization chart showing the structure of the ECF Committee and the vetting subcommittees is in **Appendix I**.

5. The ECF received an injection of \$1 billion in 2008 with a view to enhancing partnership with different stakeholder groups; broadening the spectrum of audience of the green campaigns; and soliciting worthwhile, innovative and larger scale projects that can create a long-term positive impact to the environment. To achieve these objectives, the following key programme areas were identified –

- (a) territory-wide educational and community involvement campaigns;
- (b) minor works projects to demonstrate and promote energy efficiency and conservation and waste reduction;
- (c) technology transfer from professional institutions to practitioners to enhance environmental performance of industrial process; and
- (d) regional and international policy and technology conferences to promote exchanges amongst professional bodies on latest developments and best practices on environment and conservation matters.

6. In assessing funding applications, the following assessment criteria will be adopted -

- (a) projects must contribute to the overall environment of Hong Kong, raise environmental awareness of the local community, or mobilize the community to take action to improve the environment;
- (b) the benefits must accrue to the district/local community as a whole, and not just to individuals, a single private organization or a consortium of private companies; and
- (c) projects must be non-profit making in nature.

7. After funding has been approved, project proponents are required to submit regular progress reports and a completion report to the Secretariat of the ECF Committee for review. Payments to the project proponents are made by instalments subject to satisfactory progress reports. A brief account of the various ECF funding schemes is in **Appendix II**. The progress of the ECF programmes is set out in the Administration's paper for the Panel meeting on 28 March 2011, which is hyperlinked in **Appendix III**.

## **Deliberations of the Panel**

8. The proposal to inject \$500 million into ECF as announced in the Policy Address 2010-2011 was discussed by the Panel at its meeting on 28 March 2011. Members supported that more funding be provided to environmental projects which were conducive to creation of business and employment opportunities. The Administration advised that Environmental Campaign Committee had worked closely with the ECF Committee to pursue a wide range of environmental programmes to enhance community involvement of various key stakeholder groups, including the business sector. The programmes included, amongst others, the Hong Kong Awards for Environmental Excellence which was an all-round environmental scheme for companies to uphold environmental excellence as an essential element of business success, as well as a voluntary environmental management scheme developed by the Hong Kong Federation of Restaurant Trade Association which aimed to enhance the environmental performance and competitiveness of the trade. Through such programmes and activities, the business sector could improve resource conservation and green business operation, and also cultivate green corporate culture and shape low carbon business opportunities.

9. Having regard to the successful experience in the recycling of food waste into compost by a residential development at Ma Wan, members supported that more funding from ECF be provided to promote recycling of food waste in private housing developments. The Administration agreed to conduct pilot schemes to facilitate housing estates to set up on-site treatment facilities for food waste. In addition to implementing food waste collection and recycling, the schemes would also aim to strengthen educational messages on food waste reduction and separation at source and recycling. The compost generated from on-site treatment of food waste could be used for greening purposes within the developments and for use by relevant government departments.

10. The funding proposal for injection of \$500 million into ECF was approved by the Finance Committee at its meeting on 13 May 2011.

## **Latest development**

11. The Administration proposes to brief the Panel on the proposed injection of \$5 billion into ECF as pledged in the 2013 Policy Address at the Panel meeting on 27 May 2013.

**Relevant papers**

12. A list of relevant papers is set out in the **Appendix III**.

Council Business Division 1  
Legislative Council Secretariat  
23 May 2013

**Environment and Conservation Fund Committee (ECFC)**  
To vet applications for

- research, technology demonstration and conference projects over \$2,000,000
- community waste recovery projects over \$2,000,000
- EE&CA projects over \$2,000,000
- energy conservation projects over \$2,000,000
- nature conservation management agreement projects
- public education programme on municipal solid waste

Provide funding support

**Environmental Campaign Committee (ECC)**  
To carry out territory-wide environmental programmes and campaigns, including –

- For the business sector, the Hong Kong Awards for Environmental Excellence
- For the school sector, the Hong Kong Green School Awards and Student Environmental Ambassador Scheme
- For general public, theme-based educational campaigns such as those on climate change and source separation of waste, etc.

**Environmental Education and Community Action (EE&CA) Projects Vetting Subcommittee**  
(Subcommittee set up under ECC with delegated authority from ECFC to process applications)  
To vet EE&CA general projects and minor works projects and approve applications of project amount \$2,000,000 or below.

**Research Projects Vetting Subcommittee**  
To vet research, technology demonstration and conference projects and approve applications of project amount \$2,000,000 or below.

**Waste Recovery Projects Vetting Subcommittee**  
To vet community waste recovery projects, projects under source separation of waste programme and on-site meal portioning in schools, and approve applications of project amount \$2,000,000 or below.

**Energy Conservation Projects Vetting Subcommittee**  
To vet projects under the Building Energy Efficiency Funding Scheme and energy conservation projects for NGOs, and approve applications of project amount \$2,000,000 or below.

### Funding Schemes under the ECF

#### *Environmental Education and Community Action ("EE&CA") Projects, including minor works projects*

General EE&CA projects are educational programmes or activities that aim to enhance community awareness of environmental problems in Hong Kong and mobilize individuals to take direct and positive action to improve and conserve the environment.

Minor works projects were introduced in early 2008. Schools and NGOs may obtain funding to set up green roofs, organic farms, renewable energy facilities, small-scale food composting machines, etc. to demonstrate the application of green technology. Under this scheme, schools may also apply for funding to switch to energy efficient installations, while applications from NGOs are catered for under "Energy Conservation Projects for NGOs". Applicant organizations are required to organize relevant education activities to introduce to students, parents, service recipients and other stakeholders the environmental benefits of green facilities and to promote messages of green living such as energy efficiency and waste reduction and recycling.

#### *Building Energy Efficiency Funding Scheme ("BEEFS") and Energy Conservation Projects for NGOs*

BEEFS was launched in April 2009 to provide funding support to Owners' Corporations, owners' organizations or residents' organizations of residential, commercial and industrial buildings to –

- conduct energy-cum-carbon audit in communal areas of the buildings to systematically review the use of energy and quantifying the greenhouse gas (GHG) emissions associated with the buildings, and to identify opportunities for enhancements of energy efficiency and conservation and reductions in the level of GHG emissions arising from building operations.
- encourage existing building owners to carry out alteration, addition or improvement works to upgrade the energy efficiency performance of

building services installations for communal use in buildings. Building services installations covered include lighting, electrical, air-conditioning and lift and escalator installations.

The Energy Conservation Projects for NGOs was launched in October 2009 and provides funding support for NGOs to conduct energy-cum-carbon audit and energy improvement works in premises owned or occupied by them. In addition, NGOs may obtain funding under the scheme to conduct educational activities that promote energy efficiency and conservation.

#### *Community Waste Recovery Projects*

These are community-based and result-oriented projects that aim to enhance awareness and ensure sustained participation of the public in waste reduction and recovery, with sustained and tangible effect in local communities.

#### *Source Separation of Waste Programme*

The programme provides funding support to Owners' Corporations, owners' organizations or residents' organizations of residential, commercial and industrial buildings to acquire waste separation facilities on each floor of the buildings so as to make waste separation more convenient to residents, occupants and visitors and mobilize their participation in waste separation at source.

#### *On-site Meal Portioning in Schools*

The scheme was launched in December 2009 to provide funding support to schools to carry out conversion works and install facilities necessary for implementing "on-site meal portioning" so as to encourage more schools to switch to on-site meal portioning to reduce food waste and avoid the use of disposable lunch boxes and cutleries.

#### *Public Education Programme of the "Policy Framework for the Management of Municipal Solid Waste (2005-2014)"*

The programme welcomes applications from non-profit making organizations to seek funding to organize educational programmes that help to promote the

initiatives in the Policy Framework.

*Nature Conservation Management Agreement Projects*

The projects aim to enhance the conservation of the priority ecologically important sites identified under the New Nature Conservation Policy through management agreement between NGOs and landowners. Under these agreements, NGOs may provide landowners with financial incentives in exchange for management rights over their land or their cooperation in enhancing conservation of the priority sites.

*Research, Technology Demonstration and Conference Projects*

Research projects should aim to contribute in a direct and practical way towards the environment and should not be too theoretical in nature. Technology demonstration projects should encourage the use of the technologies by different sectors. The benefits much accrue to one or more industries and not just to individual companies. Completed projects should be publicized so as to disseminate the projects results. International conferences should facilitate exchange of best practices, expertise and experience on environmental and conservation issues and raise Hong Kong's profile as a leading green city.



## Appendix III

### List of relevant papers

<b>Council/ Committee</b>	<b>Date of meeting</b>	<b>Paper</b>
FC meeting	11 January 2008	<p>Discussion paper provided by Administration for the Finance Committee meeting (LC Paper No. FCR(2007-08)48) <a href="http://www.legco.gov.hk/yr07-08/english/fc/fc/papers/f07-48e.pdf">http://www.legco.gov.hk/yr07-08/english/fc/fc/papers/f07-48e.pdf</a></p> <p>Minutes of meeting (LC Paper No. FC85/07-08) <a href="http://www.legco.gov.hk/yr07-08/english/fc/fc/minutes/fc080111.pdf">http://www.legco.gov.hk/yr07-08/english/fc/fc/minutes/fc080111.pdf</a></p>
Panel on Environmental Affairs	28 March 2011	<p>Administration's paper on "Proposed Capital Injection into the Environment and Conservation Fund" (LC Paper No. CB(1) 1673/10-11(04)) <a href="http://www.legco.gov.hk/yr10-11/english/panels/ea/papers/ea0328cb1-1673-4-e.pdf">http://www.legco.gov.hk/yr10-11/english/panels/ea/papers/ea0328cb1-1673-4-e.pdf</a></p> <p>Background brief on Environment and Conservation Fund prepared by the Legislative Council Secretariat (LC Paper No. CB(1) 1673/10-11(05)) <a href="http://www.legco.gov.hk/yr10-11/english/panels/ea/papers/ea0328cb1-1673-5-e.pdf">http://www.legco.gov.hk/yr10-11/english/panels/ea/papers/ea0328cb1-1673-5-e.pdf</a></p> <p>Minutes of meeting (LC Paper No. CB(1) 2191/10-11) <a href="http://www.legco.gov.hk/yr10-11/english/panels/ea/minutes/ea20110328.pdf">http://www.legco.gov.hk/yr10-11/english/panels/ea/minutes/ea20110328.pdf</a></p>