

For discussion on
23 June 2014

**LEGISLATIVE COUNCIL
PANEL ON ENVIRONMENTAL AFFAIRS**

Restored Landfill Revitalisation Funding Scheme

PURPOSE

This paper sets out details of the proposed Restored Landfill Revitalisation Funding Scheme (hereafter referred to as the Scheme), and seeks Members' support for making a submission to the Finance Committee for the non-recurrent funding of \$40 million to meet the starting costs and initial operating deficits of the projects under the Scheme.

BACKGROUND

2. As announced by the Chief Executive in the Policy Address 2014, the Government has earmarked \$1 billion to set up the Scheme to fund the development of recreational facilities or other innovative proposals at restored landfills so that the community can benefit from them at the earliest opportunity. The Scheme is proposed to be opened to applications from Non-Profit making Organisations (NPOs) or National Sports Associations (NSAs).

OBJECTIVES OF THE SCHEME

3. There are 13 closed landfills in Hong Kong which were restored between 1997 and 2006 to minimise their potential adverse impacts on the environment and to render them safe for beneficial use. The Government has started converting these restored landfills into recreational facilities such as recreational ground, sports facility, park, etc.. As of today, six restored landfills have already been fully developed for public use or reserved for conservation or other uses. This successful experience showcases that restored landfills can be turned into gainful and pleasant facilities for

enjoyment by the general public. A summary of the 13 restored landfills is shown in **Annex 1**.

4. The Scheme is launched with a view to expediting the development of recreational facilities or other innovative applications at the restored landfill sites. Specifically, the objectives of the Scheme are to:

- (a) put restored landfills into good and innovative uses;
- (b) expedite the development of gainful afteruses at restored landfills so that the community can benefit from them at the earliest opportunity; and
- (c) promote active public participation in the development of suitable facilities at the restored landfills.

Steering Committee on the Restored Landfill Revitalisation Funding Scheme

5. To take the Scheme forward, the Secretary for the Environment (SEN) has appointed a Steering Committee to advise him on the operational arrangements of the Scheme, merits of the applications received and the funding support to be granted, as well as to monitor progress of supported applications and other related matters on the Scheme. The Committee is chaired by a non official Chairman and comprises members from the fields of accounting, architecture/engineering, sports, social services as well as representatives of District Councils with restored landfills. Representatives of concerned Bureaux/Departments would also join the Committee as ex-officio members. The terms of reference and membership of the Steering Committee are at **Annex 2**.

6. A preparatory meeting of the Steering Committee was held on 9 May 2014 to discuss the operational arrangements of the Scheme. Members supported the Scheme and agreed on the proposed modus operandi of the Scheme as outlined in the following paragraphs.

Proposed Modus Operandi

7. The proposed modus operandi of the Scheme is as follows:

(a) Eligibility of Applicants

- (i) NPOs^[1] or NSAs^[2] are eligible to apply.
- (ii) Application in personal capacity will not be accepted.

(b) Application Procedures

- (i) Invitation will be invited in batches. The Government will publish a list of restored landfills^[3] (the published list) that are available for application in each batch under the Scheme.
- (ii) Resource kits in the form of Guide to Application and Site Information Sheets will be prepared for applicants. In addition, open days / site visits will be arranged to allow prospective applicants to view the restored landfill sites.
- (iii) Applicants will be required to submit a conceptual plan comprising initial design of a proposed development at the restored landfill of their choice, proposed use of the facility, schedule of implementation including works and future operation of the proposed development, rough cost estimates on the implementation plan including works and operation, and statements on its financial and management capability to undertake the project with proposed funding support if approved.
- (iv) Applicants are required to bear all the fees, if any, incurred by them in preparing their submissions in the application stage.

(c) Assessment of Applications

- (i) The Steering Committee will assess and examine the applications received and recommend to the SEN on which

¹ In relation to NPOs, they should have charitable status under Section 88 of the Inland Revenue Ordinance (Cap.112).

² NSAs are recognised by the Sports Federation and Olympic Committee of Hong Kong, China (SF&OC) as the official representatives as well as the local governing bodies of their respective sports. NSAs are also usually affiliated to relevant international sports federations.

³ Seven sites are currently available for development under the Scheme as listed in Part B of Annex 1.

applications to be given approval in principle.

(ii) Applications will be assessed based on the following criteria:

(a) Engineering and environmental feasibility of the project

This includes compatibility with landfill restoration at site, arrangement and measures to address the site constraints, environmentally friendly elements, compliance with relevant legislation, etc.;

(b) Project's benefits and acceptance by the community

This includes benefits to the community, enjoyment of the project by the public at large, social and recreational value, environmental benefits, compatibility with town planning and other committed uses in the vicinity, innovative and green architectural design or uses, support from District Council(s) etc.;

(c) Management capability of the applicant

This includes track record and past experience on similar projects, intended commitment, cross sector collaboration etc.; and

(d) Financial viability and sustainability of the project

This includes projected income and recurrent expenditure, demand of service(s), source of non-government funding and financial support required (if any) from Government for meeting the capital starting costs and operating deficits etc.

(iii) Applicants with approval in principle granted will be required to prepare detailed planning and engineering design of the project.

(d) Scope of Funding

(i) The following funding support will be provided to applicant(s) who receive approval in principle:–

(a) capital grant to cover the cost for the capital works and

related matters (including consultancy fees for pre-construction studies or works e.g. detailed planning, architectural, landscape and engineering design and site investigation incurred). The level of the grant for capital works and related matters will be considered on a case-by-case basis depending on factors such as the size and the proposed usage of the site, subject to a cap of \$100 million per project;

- (b) if justified, a time limited grant to meet the starting costs and operating deficits (if any) of the facilities for a maximum of the first two years of operation may be made as well. All proposals supported under the Scheme should be self-sustainable after this initial period. The financial ceiling for such grant is set at \$5 million ^[4] per project; and
 - (c) the Government will charge only nominal rental for the restored landfill site through a land licence.
- (ii) Approved project should be of non-profit-making in nature. Successful applicant will be required to set up a dedicated account for each individual project. Any revenue earned from the project has to be ploughed back to the dedicated account for operation of the project and any surplus, if available, upon completion of the project or on expiry of the land licence, should be returned to the Government where applicable.
 - (iii) We will ensure there would be no duplication of funding support for the capital works with other project(s) funded by the Government.

(e) Monitoring Mechanism

- (i) Applicants in receipt of the funding support under the Scheme will be required to submit a master programme for the project,

⁴ Based on the current operational expenses of a recreational facility (BMX Park at the Gin Drinkers' Bay), we consider it appropriate to set a cap of grant at \$5 million per project to support the starting/operating costs for the first 2 years of operation (i.e. \$2.5 million for a year) of medium to larger size sport/recreational facility. Nevertheless, the actual amount to be granted will depend on the proposed usage and business plan of the project etc.

with all milestone dates identified. In addition, the applicants are required to submit a quarterly progress report during the project preparation, construction and initial operation stages.

- (ii) A land licence will be granted by the Environmental Protection Department (EPD) to the successful applicant (now becomes “the licensee”) to occupy the restored landfill site for a fixed period for the proposed use. EPD will closely monitor the licensee’s operation to ensure their compliance with the terms and conditions set out in the land licence and approval conditions recommended by the Steering Committee. The successful applicant must also comply with procurement requirements stipulated by EPD and the Steering Committee, who may additionally impose suitable conditions in addition to the general procurement procedures. Upon commissioning of the developed facility, the licensee will be required to submit annual reports with audited accounts for monitoring purpose.
- (iii) Apart from reviewing the progress and regular reports submitted by the applicants, EPD and the Steering Committee, when necessary, may conduct on-site checking of selected projects with a view to enhancing monitoring of the approved projects.

8. To ensure proper governance of the Scheme, we will seek the advice of the Independent Commission Against Corruption (ICAC) on the assessment criteria and procedures to be adopted as well as other matters related to the operation of the Scheme as appropriate.

Secretariat of the Scheme

9. EPD will provide secretariat support to the Steering Committee and be responsible for administration of the Scheme including the processing of applications, issue of land licence to successful applicants, monitoring of project progress and exercising control on the expenditure including administering payments in accordance with pre-determined milestones, overseeing proper auditing and accounting work.

10. In addition, EPD will provide advisory service for successful applicants to take forward their proposal and to facilitate their submission and application under the Town Planning Ordinance (Cap. 131) and/or the Environmental Impact Assessment Ordinance (Cap. 499) as and when necessary. EPD will also assist successful applicants to consult the relevant District Council and stakeholders on their proposals and in liaising with the concerned departments as appropriate. However, the responsibility to make necessary statutory (or licensing if any) submissions still rests with the successful applicants.

Financial Implications and Arrangement

Capital Works Expenditure

11. The afteruse of the restored landfill will have to be developed in accordance with the proposal approved under the Scheme. The Government will provide appropriate financial support for the implementation of the projects and has earmarked \$1 billion under the Capital Works Reserve Fund for this purpose. The development works will be carried out by the authorized agents to be engaged by the successful applicants. We will seek approval of capital works funding for individual project approved in principle by the Steering Committee by making submissions to the Public Works Subcommittee (PWSC) and the Finance Committee (FC) pursuant to the established arrangement.

Non-recurrent Expenditure

12. To facilitate the implementation of the Scheme (notably to meet the grant to be made available to selected NPOs or NSAs for supporting the initial operational costs of their proposals), subject to Members' support, we propose to seek approval of FC for a separate sum of \$40 million to meet with the starting costs and operating deficit for the first two years, subject to a cap of \$5 million per successful application under the Scheme.

Revenue implications

13. We propose to charge nominal rental for the restored landfill sites because the projects under the Scheme would be non-profit-making in nature and for the benefit of the community at large, which is in line with the existing rental arrangement under the Land (Miscellaneous Provisions) Regulations

(Cap. 28A). The revenue implication will thus be insignificant.

Consultation with Stakeholders

14. We have organised briefings and site visits for the relevant stakeholders to introduce the Scheme and seek their initial views since its announcement. More than 80 participants from around 40 NPOs, NSAs and other interested parties attended two briefing sessions on 23 January 2014 and 20 February 2014. In addition, site visits to restored landfills were held on 19, 21 and 24 March 2014 with 109 participants from around 40 organisations. Those who participated in the briefing sessions and site visits welcomed the setting up of the Scheme and strongly suggested the Government to include subsidy for meeting the starting costs and operating deficits in the initial years of operation, apart from the one-off grant to cover the capital works.

Implementation Schedule

15. Subject to Members' views and approval of the FC, the Steering Committee aims to invite applications for the first batch of sites by the fourth quarter 2014. A tentative action timetable is set out as follows:

Tentative timeframe	Key action
Dec 2014 – Apr 2015	<ul style="list-style-type: none">● Seek FC's approval for the non-recurrent funding of \$40 million● Invitation of preliminary proposals● Briefings and site visits for all interested parties
May 2015 – Aug 2015	<ul style="list-style-type: none">● Vetting and assessment by Steering Committee● Approval-in-principle granted to successful applicants
Sep 2015 onwards*	<ul style="list-style-type: none">● Detailed planning, architectural, landscape and engineering design conducted by successful applicants● Consultation with relevant District Councils● Seek funding approval pursuant to the

	<p>established arrangement</p> <ul style="list-style-type: none"> ● Formal approval to successful applicants ● Project implementation by successful applicants
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* Note: the actual time required for detailed planning and engineering design etc. and project implementation would depend on the complexity and scale of the proposed project concerned. Some of the less complex and smaller scale projects may proceed faster than the above timeline.

ADVICE SOUGHT

16. Members are invited to note the earmarking of \$ 1 billion to set up the Scheme, to provide comments on the proposed operational arrangements of the Scheme as set out above and to support the submission to the Finance Committee for the non-recurrent funding of \$40 million to meet the starting costs and operating deficits of the projects under the Scheme.

Environmental Protection Department
June 2014

Restored Landfill Revitalisation Funding Scheme (RLRFS)
Summary of the 13 Restored Landfills in Hong Kong

Restored landfill [District]	Land use zoning	Landfill area [flat area]^[a] (hectare)	Current status
(A) Restored Landfills already used for recreational / conservation purposes			
Gin Drinkers Bay [Kwai Tsing District]	Open Space	29 [7]	<ul style="list-style-type: none"> Leisure and Cultural Services Department (LCSD) has consulted the District Facilities Management Committee of the Kwai Tsing District Council on the proposed project scope of redeveloping the site. The Architectural Services Department will conduct a technical feasibility study on the project shortly. The Hong Kong Cycling Association (HKCA) has developed a BMX Park (about 3.9 ha) at the lower platform which was opened in October 2009 and used as a venue for the 2009 East Asian Games and some international events. The BMX Park is managed and maintained by the HKCA, which has obtained a land licence from the Environmental Protection Department (EPD). Since its completion in 2009, the Park has been operated by the HKCA on a self-financing basis, with the management and maintenance costs borne by the HKCA.
Jordan Valley [Kwun Tong District]	Open Space	11 [5]	<ul style="list-style-type: none"> The site has been developed into the Jordan Valley Park which has been opened to the public since August 2010.
Ma Tso Lung [North District]	Government/ Institution/ Community	2 [1]	<ul style="list-style-type: none"> The site is currently let to Tung Wah Group of Hospitals by Lands Department for recreational use via a short term tenancy.

Restored landfill [District]	Land use zoning	Landfill area [flat area] ^[a] (hectare)	Current status
Ngau Chi Wan [Wong Tai Sin District]	Open Space	8 [4]	<ul style="list-style-type: none"> The site has been developed into the Ngau Chi Wan Park which has been opened to the public since September 2010.
Sai Tso Wan [Kwun Tong District]	Open Space/ Green Belt	9 [2]	<ul style="list-style-type: none"> The site has been developed into the Sai Tso Wan Recreation Ground which has been opened to the public since April 2004.
Shuen Wan [Tai Po District]	Other Specified Uses “Golf Course”	55 [15]	<ul style="list-style-type: none"> A temporary golf driving range occupying the majority of the flat area (about 15 ha) has been in operation and opened to the public since April 1999. The site is planned for golf course development and preparation work is underway.
(B) Restored Landfills available for new recreational / innovative proposals under the RLRFS			
Ma Yau Tong Central [Kwun Tong District]	Open Space/ Green Belt	11 [1]	<ul style="list-style-type: none"> Part of the top platform (about 0.1 ha) has been developed into a sitting out area which has been opened to the public since January 2011. The remaining flat area of about 0.9 ha is available for development of compatible uses under the RLRFS.
Ma Yau Tong West [Kwun Tong District]	Open space/ Green Belt	6 [1]	<ul style="list-style-type: none"> Part of the site (about 0.1 ha) has been developed into a sitting out area which has been opened to public since September 2011. The remaining flat area of about 0.9 ha is available for development of compatible uses under the RLRFS.
Ngau Tam Mei [Yuen Long District]	Green Belt	2 [1]	<ul style="list-style-type: none"> The site is currently unallocated. A flat area of about 1 ha is available for development of compatible uses under the RLRFS.

Restored landfill [District]	Land use zoning	Landfill area [flat area] ^[a] (hectare)	Current status
Pillar Point Valley [Tuen Mun District]	Green Belt / Tsing Shan Firing Range	65 [4.5]	<ul style="list-style-type: none"> Hong Kong Shooting Association (HKSA) has been given approval to develop part of the site (about 1 ha) as a temporary shooting range. The remaining flat area of about 3.5 ha is available for development of compatible uses under the RLRFS.
Siu Lang Shui [Tuen Mun District]	SSSI, Green Belt, GIC (small portion)	12 [1]	<ul style="list-style-type: none"> Part of the site is classified as the Site of Special Scientific Interest (SSSI) and is reserved as a sanctuary for butterfly over-wintering and not suitable for development. A flat area of less than 1 ha is available for development of compatible uses under the RLRFS.
Tseung Kwan O Stage I [Sai Kung District]	Recreation	68 [10]	<ul style="list-style-type: none"> A cycle track cum pedestrian footpath along the seafront of the site was opened to the public in June 2012. The cycle track and footpath are managed by Transport Department and LCSD is responsible for providing horticultural maintenance in the planters in the area. A sitting out area cum pet garden (about 1.2 ha) was opened to the public in June 2013. The remaining flat area of about 9 ha is available for development of compatible uses under the RLRFS.
Tseung Kwan O Stage II & III [Sai Kung District]	Open Space	42 [2]	<ul style="list-style-type: none"> A total of flat area of about 2 ha is available for development of compatible uses under the RLRFS.

Notes:

^a [flat area] means the net area after excluding the area of slopes, land occupied by restoration facilities and in Pillar Point Valley Landfill land occupied by the Tsing Shan Firing Range.

**Steering Committee
on the Restored Landfill Revitalisation Funding Scheme**

The Secretary for the Environment (SEN) has appointed a Steering Committee to advise him on the operational arrangements of the Scheme, merits of the applications received and the funding support to be granted, as well as to monitor progress of supported applications and other related matters on the Scheme.

The term of reference of the Steering Committee and its membership are as follows:

Terms of reference of the Steering Committee

- (i) Deliberate and advise on the operational arrangements of the Scheme including eligibility and assessment criteria, publicity strategy, and invite applications from eligible organisations;
- (ii) Examine, and make recommendations on applications received under the Scheme;
- (iii) Recommend the level of subsidy to the successful applicants both in terms of the one-off capital cost and the one-off grant to meet the initial operating deficits;
- (iv) Monitor progress and evaluate the effectiveness of approved projects under the Scheme;
- (v) In the case of non-compliance by the successful applicants under the Scheme, advise appropriate actions to be taken;
- (vi) Advise on other matters relating to the Scheme; and
- (vii) Engage stakeholders and foster community support to projects under the Scheme through public education and community involvement.

Membership of the Steering Committee

Chairman

Mr Bernard CHAN

Members

- Mr Kenneth K K FOK
(Representative of the Sports Federation & Olympic Committee of Hong Kong, China)
- Ms Fay Kim Fai HO
- Ms Elizabeth LAW
- Ir Prof Kin Kuen CHOY
- Mr Vincent Wing Shun NG
- Dr John Yat Chu FUNG
- Ms Vivian Sio Kuan LAU
- Dr Winnie Wai Yi LAW
- Mr Nelson CHAN Wah-yu
(Representative of the Kwun Tong District Council)
- Mr TSANG Hin-Keung
(Representative of the Yuen Long District Council)
- Mr CHAN Wan-sang
(Representative of the Tuen Mun District Council)
- Mr. CHAU Yin-ming, Francis
(Representative of the Sai Kung District Council)

Ex-officio

- Secretary for the Environment or his representative
- Secretary for Home Affairs or his representative
- Director of Home Affairs or her representative
- Director of Leisure & Cultural Services or her representative
- Director of Architectural Services or his representative

Secretary

Assistant Director of Environmental Protection