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By Fax

Clerk to Public Accounts Committee  
Legislative Council Secretariat  
Legislative Council Complex  
1 Legislative Council Road  
Central, Hong Kong  
(Attn: Mr. Anthony CHU)

12 July 2018

Dear Sir,

**Public Accounts Committee**  
**Consideration of Chapter 1 of the Director of Audit's Report No.70**  
**Management of Restored Landfills**

Thank you for your letter dated 28 June 2018. Please find in the enclosed appendix the information requested. If you need any further information, please contact the undersigned.

Yours faithfully,

(FONG Kin-wa)

for Director of Environmental Protection

Encl.

c.c. Secretary for Environment (fax no. 2537 7278)  
Secretary for Home Affairs (fax no. 2591 5536)  
Director of Leisure and Cultural Services (fax no. 2691 4661)  
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Director of Audit (fax no. 2583 9063)

} w/o encl.

## Appendix- EPD's response to PAC's request for information

Q(a)	referring to Table 5 in paragraph 4.3 on land licences granted by the Environmental Protection Department ("EPD") and the projects under the Restored Landfill Revitalisation Funding Scheme ("the Funding Scheme"), please set out in a table the similarities and differences of the two modes, including but not limited to invitation for applications, consideration and approval of applications, assistance, if any, provided to the successful applicants by the Administration, and monitoring of compliances;	
Referring to the land licences in Table 5 of the Audit Report and the projects under the Restored Landfill Revitalization Funding Scheme ("the Funding Scheme"), details of the application procedures and monitoring during the development and operation of the afteruse facilities of the two modes are as follows:-		
	<b>Land Licences</b>	<b>Projects under the Funding Scheme</b>
Modes of inviting applications	Except for the Temporary Golf Driving Range, the licensees of the remaining four afteruse facilities are national sports associations (NSAs) of the Sports Federation and Olympic Committee of Hong Kong, China. All these NSAs had first submitted to the Home Affairs Bureau (HAB) or the Leisure and Cultural Services Department (LCSD) their preliminary proposals for the development of afteruse facilities at restored landfills. Upon obtaining HAB's policy support, they then formally submitted applications to the Environmental Protection Department (EPD). For the Temporary Golf Driving Range, Licensee C had submitted the proposal directly to the EPD. The EPD then consulted the relevant bureaux/departments and upon their support, granted the land	Open for all eligible organisations (i.e. Non-profit making organisations (NPOs) or NSAs) to apply to the EPD within specified period.

		<p>licence under the delegated authority of the Lands Department (LandsD).</p>	
	<p>Process of considering and approving the applications</p>	<p>The EPD would consult relevant B/Ds on the application for the proposed afteruse projects. If supported by the B/Ds (including being satisfied that the NSA is capable of constructing and operating the proposed project), and there being no other applications received for using the subject land at the restored landfills, the EPD would then grant the land licence to the applicant under the delegated authority of the LandsD.</p>	<p>To take the Funding Scheme forward, the EPD has established a Steering Committee (SC) to advise the Government on the operational arrangement of the Funding Scheme and assist in assessing the applications and monitoring the progress of the approved projects. The SC would assist in assessing the applications based on the established assessment criteria, including:</p> <p>(A) Screening criterion</p> <ul style="list-style-type: none"> <li>● Engineering and environmental feasibility of the project</li> </ul> <p>(B) Assessment criteria</p> <ul style="list-style-type: none"> <li>● Technical aspects of the project;</li> <li>● Project's benefits and acceptance by the community;</li> <li>● Financial viability and sustainability of the project; and</li> <li>● Management capability of the applicant.</li> </ul> <p>The Scheme Secretariat would circulate all applications to relevant B/Ds for comment, and consult relevant District Councils (DCs) on the proposed uses. The Secretariat would</p>

			<p>consolidate the comments received and then convey them to the SC for consideration.</p> <p>The selected organisations are required to prepare more detailed proposals taking into account the comments received during the assessment period. Subject to the satisfaction of the SC with the detailed proposals, the SC would recommend the Secretary for the Environment to grant an approval-in-principle to the selected organisations to take forward the projects. The selected organisations would then carry out the design and planning of the projects, and prepare the detailed cost estimates of the works. Regarding the capital works funding of each project, the EPD would follow the Government's established procedures including seeking the necessary funding approval from the Finance Committee of the Legislative Council after consulting relevant DCs.</p>
	<p>Assistance provided to the licensees (successful applicants)</p>	<p>Given that the after-use facilities were to be developed by the applicants on a self-financing basis, the EPD needed not provide financial assistance to the applicants.</p>	<p>Under the Funding Scheme, funding support in respect of (i) a capital grant to cover the cost of capital works and related matters, subject to a cap of \$100 million (in</p>

		<p>The EPD and the relevant B/Ds would provide the licensees technical information and advices such as the monitoring data collected during the aftercare period of the restored landfills, other technical reports etc., to allow the licensee to fully address the conditions of the restored landfill during the design stage and complete its design and construction of suitable facilities at the restored landfills as soon as possible.</p>	<p>money-of-the-day (MOD) prices) per project; and (ii) a time-limited grant to meet the starting costs and operating deficits (if any) for a maximum of the first two years of operation, subject to a cap of \$5 million (in MOD prices) per project, would be provided to the selected organisations.</p> <p>During the invitation of applications, the EPD would provide applicants with the detailed technical information kit of each restored landfill, and arrange briefings and site visits to the restored landfills so as to facilitate the applicants to take due consideration of the site characteristics and development constraints of the restored landfills. Once the suitable applicants are selected, the EPD would provide further technical details to the selected organisations, such as the monitoring data collected during the aftercare period of the restored landfills, other technical reports etc., so as to facilitate the selected organisations to take due consideration of the site conditions and to carry out informed design and development.</p> <p>In addition, the EPD would also provide other assistance to the selected organisations in taking forward their</p>
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			<p>projects, including assisting them to timely consult the stakeholders (e.g. DCs), liaising with relevant government departments to obtain professional advice (e.g. compliance with the requirements of relevant ordinance etc.) and preparing the necessary information for funding application etc.</p>
	Monitoring of licensees	<p>In accordance with the licence conditions, the EPD would request the applicant to submit detailed construction plans and programmes; and carry out inspections and monitor the construction progress and operation of the afteruse facilities.</p>	<p>The SC and the EPD would closely monitor the approved projects. The selected organisations are required to submit documents such as progress reports and audited financial statements to the EPD regularly. The EPD and relevant government departments would also conduct site visits and inspections from time to time to ensure the development and operation of the approved projects comply with the terms and conditions of the land licences.</p>
Q(b)	for the land licences granted in Table 5, please advise:		
(i)	criteria in classifying the facilities as temporary or permanent, and differences in terms of licence conditions, duration of licence, etc. between temporary and permanent licences;		
	<p>The EPD has been promoting actively the development of various beneficial uses at the restored landfills. In case the land in restored landfills would be developed for long-term uses (such as recreation parks or sitting-out areas) while the detailed construction programme was yet to be finalized, the EPD would try to use the lands for suitable temporary beneficial purposes on condition that the applicant had obtained policy supports from the relevant bureaux. In general, if there is already an imminent development plan, the land licences will be granted for a shorter period (about less than 3 years) and there will also be condition for</p>		

early termination of the land licence (usually with an “advance notice” period of 6 to 9 months). The EPD will consult relevant B/Ds before issuing land licence. For the land licences in Table 5 of the Audit Report, the development plans of the corresponding restored landfills are as follows:

<b>Afteruse facilities</b>	<b>Licence period</b>	<b>Long-term development plan of the restored landfills</b>
Temporary Cricket Grounds	3 years	Kwai Chung Park
Temporary Shooting Range	2 years	Included in Batch 1 of the Funding Scheme
Temporary Golf Driving Range	2 years	Golf Course (Non-in-situ land exchange)

For the remaining two land licences, (i.e. the BMX Park and Football Training Centre in Table 5 of the Audit Report), having considered that the proposed recreational uses would not affect the long-term development plan of the respective restored landfills; and with the policy support from the relevant bureau, their land licences were granted with a longer licensing period. This includes (i) the 21-year licence issued to Licensee D in 2008 for the development of BMX Park at the restored Gin Drinkers Bay Landfill (GDBL); and (ii) the 10-year licence issued to Licensee B in 2016 for the development of Football Training Centre at the restored Tseung Kwan O Stage 1 Landfill (TKOL-I).

(ii) factors in determining the duration of licence and reasons for the significant difference between licence duration of the temporary golf driving range (15 years) and the temporary shooting range (two years);

Please refer to our response to (b)(i), considerations in approving land licences.

The land licences for Temporary Golf Driving Range and Temporary Shooting Range were first granted in 2003 and 2016 respectively. Land licence for the Temporary Golf Driving Range at the restored Shuen Wan Landfill (SWL) was renewed subsequently for 7 times, with extended periods ranging from 1 to 3 years. Hence, the licensing periods of the Temporary Golf Driving Range (with licence periods of 1 to 3 years) and the Temporary Shooting Range (with licensing period of 2 years) are of similar time duration.

(iii) reasons for EPD to renew the temporary licence for Licensee C seven times (one to three years in each renewal) for a consecutive period of 15 years and why EPD and Licensee C could not identify a permanent usage for the site for such a long period of time (Note 1 to Table 5 refers); during processing the renewal applications, whether consideration had been given to advertising the site for public use so that other organizations could also make applications

	<p>The relevant B/Ds have been following up the long-term development use of the restored SWL (i.e. developing into a permanent golf course) over a period of time.</p> <p>After the expiry of the first management agreement amongst the EPD, the then Provisional Regional Council and Licensee C, a land license was granted by the EPD to Licensee C to continue the operation of a Temporary Golf Driving Range in SWL in 2003. [Prior to the expiry of the land license in 2005, the land licence was extended to tie in with the proposed 9-hole golf course development programme proposed by the Hong Kong Golf Association (HKGA). As HKGA subsequently withdrew their proposal in early 2006] (Note: the information about HKGA is for PAC internal information only), the EPD, after consulting relevant B/Ds, carried out an open Expression of Interest exercise in 2009 to invite all interested parties to submit proposal on developing a 9-hole golf course. In parallel, the EPD, in collaboration with other B/Ds, was working to prepare for the planning, tendering and drafting of the detailed land lease terms, etc. Taking into account the time required for the applicant to carry out detailed design and associated Environmental Impact Assessment process, the land license was extended accordingly. Consequently, for conservation of the private land of high ecological value in Sha Lo Tung, the Government started to study the proposal of using the land in the SWL under the Public-Private-Partnership scheme; and ultimately announced in the Policy Address 2017 that the Chief Executive-in-Council had given in-principle agreement to the pursuit of a proposal for the contemporaneous surrender of private land with high ecological importance in Sha Lo Tung to the Government and granting of a piece of land at the SWL to the Sha Lo Tung Development Company Limited (the non-in-situ land exchange). The EPD has also extended the land licence of the Temporary Golf Driving Range to tie in with the latest developments.</p> <p>In view of the uncertainty of the development plan and timetable for the land disposal arrangement of the SWL, it would be difficult for other organizations/companies to invest in the temporary use of SWL in the absence of a definite long term afteruse timetable. Moreover, Licensee C had already invested in the infrastructure for the driving range and the EPD was satisfied with its operation and financial position, the EPD hence considered it more appropriate and cost-effective to extend the licence for Licensee C, while discussion on long term development continued, such that the Temporary Golf Driving Range would continue be opened for public beneficial use.</p>
(iv)	<p>given that in December 2016, Licensee E informed EPD that it would not use the 0.4 hectare area for any activities, please provide a chronology with details on the application by the licensee and granting of the licence, development of the shooting range by the licensee, reasons provided by Licensee E of not using the 0.4 hectare area for any activities, follow-up actions taken by EPD on Licensee E's use of this 0.4 hectare area and its existing operating situation of the temporary shooting range including its usage. Has the licence for the temporary shooting range been renewed? If yes, please provide details, such as the duration and any</p>



(v)	<p>new licencing conditions added. If no, please provide the updated progress;</p> <p>criteria for determining the renewal of licenses;</p>
	<p>For the application of Licensee E to develop part of the restored Pillar Point Valley landfill (PPVL) into two Temporary Shooting Ranges (with an area of 0.2 hectares and 0.4 hectares respectively), the EPD, upon HAB's policy support and no disagreement from other relevant government departments, issued a temporary land licence to Licensee E to develop two Temporary Shooting Ranges for two years in July 2016.</p> <p>Shooting sport is unique in nature, involves the use of firearms with considerable hazard, and must be carried out in a safe and regulated environment. Those who participate in shooting activities should pay attention to safety and the stewardship of firearms and facilities. Licensee E has informed the EPD that they would only set up one Temporary Shooting Range on the 0.2 hectares of licensed area, while the remaining 0.4 ha of land will be developed subject to actual operation.</p> <p>Since July 2016, a total headcount of 236 have participated in the shooting activities held at the Temporary Shooting Range at the restored PPVL. (Note: the above figure is for PAC internal reference only)</p> <p>PPVL has already been included in the Funding Scheme for developing long-term beneficial uses. After comprehensive consideration and with the policy support given by the relevant bureau and there being no disagreement from relevant departments, the EPD will renew the licence of Licensee E for one year (covering 0.2 ha of land) as a transitional arrangement to continue the beneficial use of the land and facilitate introduction of new licence conditions, if renewed later on. The EPD has also accepted the recommendations in the Audit Report, to review the relevant land licence conditions, and the work is expected to complete by the end of 2018.</p>
Q(c)	<p>what are the commissioning dates of the temporary cricket grounds and football training centre? Whether the licence of the temporary cricket grounds will be extended upon expiry in March 2019. Had the relevant District Council been consulted when cricket grounds were proposed and whether there is a community need for the facility?</p>
	<p>The constructions of the Temporary Cricket Grounds and Football Training Centre are largely completed. Earlier on, Licensee A had organized trial games at the Temporary Cricket Grounds for their members and expected to open the facility to members and general public in Q3 of 2018. In addition, Licensee B</p>

	<p>expected that the Football Training Centre would be put into operation in Q4 of 2018 and opened for use by members and the general public.</p> <p>Regarding the Kwai Chung Park development, the LCSD consulted the District Management Committee (DMC) of the Kwai Tsing District Council (KTDC) in 2013. The Committee at that time had agreed on the various recreational uses to be developed at the restored GDBL, including cricket grounds. Moreover, the LCSD and Licensee A also explained to the District Facilities Management Committee (DFMC) of the KTDC on 23 September 2015 in details the Temporary Cricket Grounds proposal which was supported by the DFMC. The EPD has received the application from Licensee A for renewing the land licence for the Temporary Cricket Grounds and advice from the relevant B/Ds is being sought.</p>
Q(d)	<p>referring to Table 6 of paragraph 4.5, reasons for the delays in completing the two afteruse facilities and whether the target completion dates as set out in the respective licences were over optimistic? When setting the target completion date in a land licence, has EPD taken into account the special constraints with restored landfills and informed the licensees about the complexities of the sites? What are the licencing fees for the two facilities? Do the licensees have to pay the licencing fees before the actual commissioning of the facilities?</p>
	<p>For items (a) and (b) in Table 6 of the Audit Report, the delays in the completion of Temporary Cricket Grounds and Football Training Centre were mainly due to the need for Licensee A and Licensee B to connect the necessary power and water supply for the facilities, and the more-than-expected time required to provide submissions for meeting the statutory requirements and to obtain the respective approvals. In addition, with a view to providing the public and its members with a more suitable environment for practising, Licensee A informed the EPD during construction (i.e. May 2017) that there was a need to carry out ground levelling works at the licensed area. To this end, in accordance with the land licence conditions, Licensee A submitted further relevant information (such as construction plan) to EPD and its restoration contractor for advice and approval. In the end, the Licensee A took another 6 months to complete such additional works.</p> <p>To tie in with the construction progress of the Football Training Centre, the EPD has been liaising with the HAB, Licensee B and its consultants, and giving advices to resolve design/technical problems. Due to the development constraints of restored landfills, the consultants of the Football Training Centre had to spend more time to obtain approvals from the relevant authorities (such as the Buildings Department and Geotechnical Engineering Office) for the design submissions.</p> <p>Despite the above, the EPD has all along been actively monitoring the development progress of afteruse developments, and providing assistance to the</p>

	<p>licensee, within the EPD's capacity and resources availability, for completing the soonest possible the afteruse facilities (e.g. approaching the Water Supplies Department to facilitate submission and approval of water-supply applications, according priority in vetting of licensees' design submissions, and actively participating in site coordination meetings).</p> <p>Since the Temporary Cricket Grounds and the Football Training Centre had both encountered different technical difficulties and limitations, they could not be completed on time as scheduled. The EPD will further enhance future communication with the relevant organizations and share with them the development experience before drafting or issuing the land licences. This will assist the licensee to understand the time required and potential challenges during design and construction of afteruse facilities at restored landfills, and avoid as far as practicable significant difference in the time gap between the actual completion date and target completion date as set out in the land licence.</p> <p>As set out in the land licences, the Licensee A and the Licensee B are required to pay a nominal rent (i.e. HK\$1.00 per year) for the use of the restored GDBL and the TKOL-I.</p>
Q(e)	<p>referring to paragraph 4.8, ways to enhance management of the BMX park and actions that has been/will be taken for improving the facility; has EPD sought assistance from other government departments e.g. the Leisure and Cultural Services Department ("LCSD") in this regard? Is the lack of park maintenance attributable to the licensee's financial difficulties and reasons for excluding the BMX facility from the Funding Scheme? What other assistance will be offered to the licensee to improve facility management?</p>
	<p>The international racing track at the BMX Park at the restored GDBL was temporarily closed for maintenance from October 2016 to December 2017. During that period, the licensee D had encountered difficulties in tendering and awarding the improvement and maintenance contract (for example, re-tendering was needed as qualified contractor could not be selected during the tendering process), leading to a more than expected time required for the track maintenance. But, the other facilities at the BMX Park remained open for public use.</p> <p>The EPD had been liaising with Licensee D to understand the cause of the hiccups in the maintenance works. During the maintenance period, the EPD also sought technical advice from the relevant B/Ds (such as selection of suitable surfacing materials for the track) to assist the licensee. Licensee D had been making every effort to follow up the maintenance work, and had continued to operate the remaining part of the BMX and the training courses in a self-financing manner. Given the above, the EPD did not find Licensee D not capable of continuing to develop and operate the facilities due to financial problem.</p> <p>In order to tie in with the 2009 East Asian Games, the land licence of the BMX</p>

	<p>Park was awarded to the Licensee D in July 2008, to design, construct and operate the BMX Park till 2029. However, the Funding Scheme was only rolled out in November 2015 to include restored landfills not yet developed for suitable facilities and opened to applications from non-profit making organizations or the NSAs (i.e. the licensed area of BMX Park was not included).</p> <p>The Government has been encouraging non-government organisations (including NSAs) to develop sports facilities on vacant government lands (including restored landfills) in a self-financing manner. If complying with the eligibility criteria, the non-government organisations can also apply for the Sir David Trench Fund for Recreation or other charitable funds (such as the Hong Kong Jockey Club Charities Trust) to finance their development plans.</p>
Q(f)	<p>according to paragraph 4.9, EPD informed the Audit Commission ("Audit") that it did not possess the expertise and capacity to monitor a licensee's compliance with the licence conditions and to ensure that a licensee would operate a high-quality facility and maximize facility utilization. Please advise whether EPD had sought assistance or advice from other government departments, such as LCSD in this regard? Is there any established mechanism for EPD to seek advice from LCSD or other relevant departments, or any form of collaboration between departments on the operation and maintenance of afteruse facilities on restored landfills? If yes, of the details and if not, the reasons for that. Why was the monitoring of afteruse facilities not delegated/transferred to LCSD or other appropriate departments?</p>
	<p>As the managing department of the restored landfills, the EPD is obliged to continuously take care of the overall maintenance and environmental monitoring work at the restored landfills (including the afteruse areas).</p> <p>The EPD has been maintaining communication with relevant B/Ds on the operation and maintenance of afteruse facilities in the restored landfills. During the preparation of land licence, the EPD will consult relevant B/Ds on suitable licence conditions for the proposed afteruse development. When the applicant has submitted details of the design, construction and operation of the afteruse facilities, the EPD will seek expert advice from relevant B/Ds on the proposed afteruse development.</p> <p>To further improve the management and monitoring of the afteruse facilities, the EPD will seek professional assistance and support from the relevant B/Ds as needed and in a timely manner to monitor the licensees' compliance with the licence conditions.</p>
Q(g)	<p>referring to paragraphs 4.11 and 4.12, please provide details on EPD's inspections to monitor licensees' compliance with license conditions and whether there is a checklist to facilitate monitoring by on-site staff? If yes, of the details and a copy of the checklist; if not, reasons why not using a checklist;</p>

	<p>EPD's main focus of monitoring non-governmental bodies' afteruse facilities at restored landfills is to ensure that the restored landfills are maintained in a safe condition during the entire aftercare period and that they are environmentally acceptable for appropriate afteruse. Hence, priority is given to the inspections of the aftercare works and environmental monitoring carried out by the landfill restoration contractors at the afteruse facilities. Nevertheless, EPD's site staff would also inspect the overall conditions of the afteruse facilities in general and conduct inspections from time to time to monitor the licensees' compliance with licence conditions and to record the results in the inspection form. However, as stated in the Audit's report, the inspection form was designed mainly for the purpose of environmental monitoring and did not cover specifically items related to the land licensees' compliance with land licence conditions.</p> <p>To further enhance the monitoring of the licensees' compliance with the licence conditions, EPD is now reviewing and updating the current inspection form as recommended in the Audit Report, to introduce items specific to monitoring compliance with land licence conditions. It is expected that the review will be completed by the end of 2018.</p>
Q(h)	referring to paragraphs 4.15 to 4.17, why had EPD not requested licensees to submit audited financial statements and in what ways could EPD assess licensees' ability and financial viability to maintain facility operations?
	<p>Over the years, EPD has required Licensee C to submit audited financial statements. Licensee C has submitted audited financial statements annually and EPD is satisfied with Licensee C's financial condition.</p> <p>As for other licensees, the afteruse facilities are being constructed by Licensees A and B and there was no requirement under the land licences for them to submit audited financial statements to EPD during the development stage of afteruse facilities.</p> <p>EPD considers that the 4 licensees (i.e. Licensee A, B, D and E) have all been proactively carrying out the construction works or upkeeping their normal operation, thus showing that they are both operationally and financially capable of running the afteruse facilities. To avoid imposing extra financial burden to the licensees by requesting them to submit audited financial statements (e.g. the licensees have to employ independent auditor to audit the financial statements), EPD did not request them to submit audited financial statements in the past. EPD will consider Audit's recommendations and request licensees to submit audited financial statements annually so as to assess in more details their ability to continually operate the afteruse facilities.</p>

Q(i)	referring to paragraph 4.20(d), actions taken/to be taken by EPD in taking forward the audit recommendations in paragraphs 4.19(d) and (e) and timetable for implementation;
	With reference to items (d) and (e) in paragraph 4.19 of the Audit Report, the EPD is reviewing the land licences that are soon to be renewed, so as to explore the possibility of introducing quantitative indicators for monitoring the licensees' performances in the future. The EPD will seek views from relevant B/Ds on this matter and expects the work will be completed by the first half of 2019.
Q(j)	in what ways has EPD drawn experience from management and operation of existing afteruse facilities in developing other restored landfills in future under the Funding Scheme;
	<p>The EPD has made reference to the experience of operation and management of existing afteruse facilities, and has adopted/will adopt the following arrangements when implementing the Funding Scheme:</p> <ul style="list-style-type: none"> <li>• enhance the engagement with the relevant DCs at an early stage such that views of the local community on the proposed facilities and operation could be considered earlier in the assessment process (we consulted the DCs concerned in September 2015 prior to the launching of Batch 1 of the Funding Scheme, and in January 2017 after receiving the Batch 1 applications);</li> <li>• liaise closely with the selected organisations to monitor the development of the project; if necessary, the EPD would assist in liaising with relevant government departments with a view to completing the facilities in a timely manner;</li> <li>• conduct site visits and inspections from time to time to ensure the development and operation of the approved projects comply with the terms and conditions of the land licences; and</li> <li>• request the selected organisations to submit documents such as progress reports and audited financial statements to the EPD regularly, so as to monitor the operation and financial status of the approved projects.</li> </ul> <p>In addition, the EPD will consider the recommendations given in the Audit Report, so as to strengthen the control on the implementation and operation of projects under the Funding Scheme.</p>
Q(k)	according to paragraph 4.27, two applications had been received for developing afteruse facilities at Ma Yau Tong Central Landfill and Tseung Kwan O Stage I Landfill. Have any applications received for the Pillar Point Valley, the third restored landfill in Batch 1 of the Funding Scheme? If no, has EPD reviewed the reasons why;
	For Batch 1 of the Funding Scheme, the EPD received a total of 27 applications, including seven applications each for Ma Yau Tong Central Landfill (MYTCL)

	<p>and PPVL, and 13 applications for TKOL-I. For PPVL, as the SC considered that the applicants in general failed to address the various site constraints in developing their proposals, the SC did not recommend the Government to accept any application. The EPD will review the development constraints of PPVL and consider how best to address the issues concerned to facilitate the future afteruses of PPVL.</p>
Q(l)	<p>taking note of the delays in implementing Batch 1 of the Funding Scheme (paragraph 4.27 refers), what lessons have been drawn by EPD in enhancing the implementation of Batch 2 projects and whether reference has been made to overseas experience in developing restored landfills?</p>
	<p>The EPD in conjunction with the SC will review the operation arrangement and the experience gained from Batch 1 of the Funding Scheme, including the flow of conducting various steps, the arrangement of DC consultation etc. so as to enhance the overall progress and operation of the Funding Scheme. The EPD will provide the outcome of the review and the proposed refinements to the SC for consideration, and then prepare the necessary refinement details for implementation in Batch 2 of the Funding Scheme.</p> <p>The EPD has made reference to relevant overseas experience during the consideration of afteruses of restored landfills such as golf driving range, football pitch, recreational facilities, walking/jogging trail, park, lawn etc. Under the Funding Scheme, the EPD welcomes any innovative proposals from applicant organisations which are compatible with the development constraints, technical and planning requirements of the restored landfills.</p>
Q(m)	<p>the latest progress of inviting applications for Batch 2 projects;</p>
	<p>The SC considered that the restored landfills available should be launched in batches so that the operating details of the Funding Scheme could be refined after taking account of the experience from the first batch. The first project under Batch 1 of the Funding Scheme is now at the stage of preparing the Technical Feasibility Statement (TFS) following the established procedures of public works projects. Upon the completion of TFS of the Batch 1 projects, the EPD will commence the review of Batch 1 of the Funding Scheme. It is expected that the outcome of the review and the proposed refinements could be provided to the SC for consideration in 2019, the EPD will then develop the refinement details and relevant application information and arrangement for Batch 2 of the Funding Scheme.</p>
Q(n)	<p>please provide guidelines used by EPD/Steering Committee on the Funding Scheme in vetting the capability and suitability of the proposals received and what assistance, if any, would be offered, to help speed up the development of feasible and approved proposals;</p>

	<p>The assessment procedures, criteria and requirements etc. are set out in the “Guide to Application” (Annex 1) prepared for the Funding Scheme. The “Guide to Application” is also made available to all applicants for reference so that they could understand the details, eligibility and assessment requirements etc. of the Funding Scheme.</p> <p>Apart from providing funding support to the selected organisations, the EPD would also assist them to take forward their projects, including assisting them to timely consult the stakeholders (e.g. DCs), liaising with relevant government departments to obtain professional advice (e.g. compliance with the requirements of relevant ordinance etc.) and preparing the necessary information for funding application etc.</p>
Q(o)	whether licensees A to E in Table 5 can apply for the Funding Scheme to further enhance and develop their facilities, if yes, of the details and if not, reasons for that;
	<p>The purpose of the Funding Scheme is to provide funding support for NPOs and NSAs to develop recreational facilities or other innovative proposals at the seven restored landfills (Note 1) which do not have development plan yet. The grant provided under the Funding Scheme is not applicable to the projects or facilities shown in Table 5 of the Audit Report. If the licensees in Table 5 are interested in applying the grant under the Funding Scheme for their projects at the restored landfills, the EPD would need to terminate their land licences earlier and include such restored landfills into the Funding Scheme for open applications from interested organisations (includes the licensees in Table 5). The EPD will then consider all applications in accordance with the assessment procedures of the Funding Scheme, and there is no guarantee that the applications submitted by the licensees in Table 5 will be selected.</p> <p>(Note 1: There are seven restored landfills under the Funding Scheme, namely Ma Yau Tong Central Landfill, Ma Yau Tong West Landfill, Ngau Tam Mei Landfill, Pillar Point Valley Landfill, Siu Lang Shui Landfill, Tseung Kwan O Stage I Landfill and Tseung Kwan O Stage II/III Landfill.)</p>
Q(p)	in May 2015, the Finance Committee approved non-recurrent funding of \$40 million, what are the uses of this funding and how much has been used;
	The non-recurrent funding of \$40 million under the Funding Scheme is the grant for selected applicants to meet the starting costs and operating deficits (if any) for the first two years of operation, subject to a cap of \$5 million (in MOD prices) per project. Since projects under the Funding Scheme are yet to commence operation, such non-recurrent funding has not been used for the time being.
Q(q)	staff deployed to manage the Funding Scheme and the estimated annual costs, their ranks and job duties, whether they have the relevant experience/expertise of vetting and assessing



	funding applications, project management and ensuring compliance with the relevant project terms and conditions.
	<p>The staff deployed to manage the Funding Scheme includes 2 Senior Environmental Protection Officers, 2 Environmental Protection Officers, 1 Senior Environmental Protection Inspector, 1 Environmental Protection Inspector and 1 Assistant Clerical Officer, and the annual cost is about \$5.3M (calculated based on the notional annual mid-point salary of 2018-19). Their duties include providing secretariat and professional support to the SC, inviting and processing applications, consulting DCs and stakeholders, liaising with relevant B/Ds for professional advice, assisting the SC in the assessment of applications, assisting the selected organisations to apply for grant and implement the revalidation projects, overseeing the implementation and operation of revalidation projects etc. The staff concerned has relevant project management and enforcement experience, and they will seek professional advice and assistance from relevant B/Ds if necessary.</p>

**Environmental Protection Department  
July 2018**

# **Restored Landfill Revitalisation Funding Scheme**

## **Guide to Application**



**環境保護署**

**Environmental Protection Department**

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(ver201511)

# Restored Landfill Revitalisation Funding Scheme

## Guide to Application

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**Note:**

**The contents of this Guide may be revised and updated during the implementation of the Scheme. Subsequent revisions will be promulgated via the website of Environmental Protection Department on Restored Landfill Revitalisation Funding Scheme ([www.epd.gov.hk/epd/rlrfs](http://www.epd.gov.hk/epd/rlrfs)).**

## 1. Introduction

### 1.1 Background

1.1.1 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 restored landfills into recreational facilities such as recreational ground, sports facility and park. As of today, six restored landfills have already been fully developed for public use. This successful experience showcases that restored landfills can be turned into gainful and pleasant facilities for enjoyment by the general public.

1.1.2 To expedite the development of gainful facilities at restored landfills, the Chief Executive announced in the Policy Address 2014 that the Government has earmarked \$1 billion to set up a **Restored Landfill Revitalisation Funding Scheme** (hereafter referred to as “the Scheme”) to fund the development of recreational facilities or other innovative proposals at restored landfill sites so that the community could benefit from these facilities at the earliest opportunity. The Scheme will be open to applications from Non-Profit making Organisations (NPOs) or National Sports Associations (NSAs).

1.1.3 Among the 13 restored landfills in Hong Kong, the following seven sites are currently available for development under the Scheme:-

- (a) Ma Yau Tong Central Landfill (Kwun Tong);
- (b) Ma Yau Tong West Landfill (Kwun Tong);
- (c) Ngau Tam Mei Landfill (Yuen Long);
- (d) Pillar Point Valley Landfill (Tuen Mun);
- (e) Siu Lang Shui Landfill (Tuen Mun);
- (f) Tseung Kwan O Stage I Landfill (Sai Kung); and

(g) Tseung Kwan O Stage II/III Landfill (Sai Kung).

1.1.4 Applications will be invited in batches. The Government is now launching Batch I of the Scheme, and applications for the following restored landfill sites are invited:

(a) Ma Yau Tong Central Landfill;

(b) Pillar Point Valley Landfill; and

(c) Tseung Kwan O Stage I Landfill.

1.1.5 The roll out date for Batch I of the Scheme is 27 November 2015, and the application deadline is 12:00 noon, 29 April 2016.

1.1.6 Invitation for applications of the remaining restored landfills will be made and announced at a later period in 2016.

## **1.2 Objectives of the Scheme**

1.2.1 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.

### **1.3 General development constraints and possible uses of restored landfills**

- 1.3.1 There are various restoration facilities installed at the restored landfill site to manage the landfill gas and leachate generated from the site (e.g. the landfill gas management system, the leachate collection management system and the engineered capped layer). These restoration facilities would pose considerable restrictions on the development of afteruse on the restored landfills.
- 1.3.2 In addition, to ensure the safety of the restored landfill site, the landfill restoration contractor will undertake aftercare works at the site such as operation of the landfill gas and leachate collection and management systems, carrying out of environmental monitoring of the landfill gas emission and ground water contamination etc.
- 1.3.3 The following is a list of general development constraints at the restored landfill:
- (a) Loading limit on the restored landfill surface - To avoid causing damage to the capping system of the restored landfill, as well as other restoration facilities underneath, afteruse facility shall not exceed the maximum surcharge loading of the landfill surface. Besides, no piling at the landfill site or excavation of the capping system is allowed. Loading limit of the restored landfill site may vary from one landfill site to another. Development of any facility on the landfill surface shall be carried out strictly in compliance with the loading limit.
  - (b) No interference to restoration facilities and aftercare works – There are a number of restoration and aftercare facilities such as underground landfill gas and leachate management systems, environmental monitoring wells etc. distributed on the restored landfill surface to facilitate the carrying out of aftercare works. Any afteruse development shall not interfere the proper operation of these restoration and aftercare facilities, cover or hinder the carrying out of aftercare works at these facilities. If this is not possible and relocation of these facilities is required, these



facilities should be properly relocated by a specialist contractor.

- (c) Settlement and geotechnical condition of the landfill site - Due to the diverse nature and depths of the waste buried in the landfill, differential settlement of the landfill surface may occur. Nevertheless, after completion of the restoration works, the settlement levels in these restored landfills are mostly limited to a few millimeters per year.
- (d) Landfill gas<sup>1</sup> hazard - With the completion of the restoration works, restored landfills are safe for use and landfill gas emission is under control and management. Nevertheless, special attention should still be given in respect of the afteruse development on (or adjacent to) restored landfills to ensure their intended uses are safe<sup>2</sup>.
- (e) Lack of proper access within the site – As restored landfills were originally developed for the dumping of waste and not for other uses, there is generally no proper or up to public road standard access or emergency access within the landfill sites or to the flat areas of the landfill sites.
- (f) Lack of public utilities - There is generally no provision of water supply, electricity, public drainage / sewerage system nor other public utilities at the restored landfill site.
- (g) Slope stability – Restored landfill sites are not purposely designed for any kind of above ground development. These sites comprise mainly slopes with limited flat area. Afteruse development should not affect the stability of slope(s) of the landfill site for safety reason.

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<sup>1</sup> Landfill gas is a generic term used to describe the mixture of gaseous product generated as a result of the waste decomposition in landfills. It is both flammable and asphyxiating, and, as a consequence, it has the potential to cause fire, explosion or asphyxiating.

<sup>2</sup> Applicant, upon selected, is required to carry out a Landfill Gas Hazard Assessment for their proposed project.

1.3.4 Most of the restored landfill sites are zoned as “Open Space”, “Green Belt” or “Recreation”. Given the general site restrictions as indicated in section 1.3.3 and the existing land use planning, restored landfills are mainly used for recreational purposes and are considered not suitable for heavy construction or industrial development. Overseas experience suggests that restored landfills could be developed into:

- Golf Course
- Football Pitch
- Recreational Facility
- Walking / Jogging Trail
- Park
- Lawn
- Cycle Track

1.3.5 Nevertheless, apart from the possible afteruses as indicated in section 1.3.4, the Government welcomes any innovative development proposals that would be compatible with the restoration facilities and the aftercare works at the restored landfills.

## **2. Application**

### **2.1 Eligibility – *Who may apply?***

2.1.1 Non-Profit-making Organisations (NPOs) or National Sports Associations (NSAs) are eligible to apply.

2.1.2 For the purpose of the Scheme, NPOs are defined as those organisations which have obtained charitable status under Section 88 of the Inland Revenue Ordinance (IRO) (Cap.112). Environmental Protection Department (EPD), acting as the Scheme Secretariat, obtain correspondence from the NPOs to ascertain their charitable status. The applicants (NPOs) shall provide the audited financial statements, or other related information, of their organisations for checking their charitable status upon the request of the Scheme Secretariat. If the applicants fail to accede to the Scheme Secretariat's request, their applications will not be processed further.

2.1.3 NSAs, whether they are registered under Section 88 of Cap. 112 or not, are eligible for applications. 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. For NSAs, the Scheme Secretariat would consult Home Affairs Bureau on their status and eligibility under the Scheme.

2.1.4 To accommodate interested organisations which are in the process of seeking the charitable status as described in section 2.1.2, NPOs which have formally submitted an application for charitable status to the Inland Revenue Department could also apply but they must have obtained the said charitable status before approval-in-principle was granted (which is generally about 4 – 6 months after the application deadline) if their proposed project was selected, otherwise their applications will not be processed further.

2.1.5 Joint applications involving two or more organisations are also welcome. All applicants must either be NPOs or NSAs. Nevertheless, there should be clear accountability arrangements and each application should

identify one principal applicant with the overall responsibility of ensuring compliance with the Scheme requirements and for liaison with the Scheme Secretariat.

2.1.6 Applications in personal capacity or from private company or commercial entity (not having the status of NPO or NSA) will not be accepted.

## **2.2 Application Procedures – *How to apply?***

2.2.1 Applications will be invited in batches. This is the first batch of applications and the following restored landfill sites are available for applications.

- (a) Ma Yau Tong Central Landfill;
- (b) Pillar Point Valley Landfill; and
- (c) Tseung Kwan O Stage I Landfill .

2.2.2 Applications for using the above sites shall be made on **a specified Application Form**. The Application Form could be obtained from the Scheme Secretariat, at the following address:

Secretariat of the Restored Landfill Revitalisation Funding Scheme  
Environmental Protection Department  
3/F., East Wing, 88 Victoria Road  
Kennedy Town, Hong Kong

or downloaded from the website of EPD on Restored Landfill Revitalisation Funding Scheme at [www.epd.gov.hk/epd/rlrfs](http://www.epd.gov.hk/epd/rlrfs)

2.2.3 To facilitate the applicants to complete the Application Form, this Guide to Application and Information Kits for the restored landfills under the first batch of applications have been prepared. The Information Kit contains the technical information about the restored landfill sites in particular the site boundary and area available for afteruse development as well as the technical requirements and development constraints of the

restored landfill sites. Both documents are useful for the preparation of the applications. Interested applicants should read them carefully before submitting the Application Form. The Information Kit could be obtained from the Scheme Secretariat, at the address as shown in section 2.2.2 or downloaded from EPD's website on Restored Landfill Revitalisation Funding Scheme at [www.epd.gov.hk/epd/rlrfs](http://www.epd.gov.hk/epd/rlrfs)

- 2.2.4 Restored landfill sites are not purposely designed for any above ground development. These sites comprise mainly slopes with only a few flat areas. To facilitate use of the restored landfill sites, in general, only the flat area(s) of a restored landfill site (as highlighted in the Information Kit of the restored landfill site concerned) is delineated for applications of afteruse development. It is noted that some prospective applicants may have proposals to use the slope area(s), in addition to the flat area(s), of the restored landfills. Such a request could be considered by the Steering Committee on a case-by-case basis taking into consideration the merits of the applications as a whole. Nevertheless, if any facility is proposed to be built on any slope area(s), the applicants shall be responsible for the maintenance of such slope(s) unless EPD agrees otherwise.
- 2.2.5 Any applicant wishing to apply for the use of two or more restored landfill sites should complete one Application Form for each restored landfill site.
- 2.2.6 **There will be two rounds of assessment.** The first round will be conducted based on the information provided in the Application Form. Applicants will be required to submit a conceptual plan comprising initial design of the proposed development and its proposed uses, as well as cost estimates on the technical front. Applicants short-listed in the first-round assessment will proceed to the second-round assessment. They will be invited to provide further information, and clarification if necessary. Details of the information required will be provided separately to the applicants selected for the second-round assessment.

## 2.3 Deadline for Submission of Application

2.3.1 The deadline for applications is 12:00 noon 29 April 2016. All applications shall be made, by mail or in person, to the Scheme Secretariat at or before 12:00 noon 29 April 2016, at the following address:

Secretariat of the Restored Landfill Revitalisation Funding Scheme  
Environmental Protection Department  
3/F., East Wing, 88 Victoria Road  
Kennedy Town, Hong Kong

2.3.2 If a black rainstorm warning or typhoon signal No. 8 or above is hoisted between 9:00 a.m. and 12:00 noon on the closing date for receipt of the applications, the deadline shall be extended to 12:00 noon on the following working day (excluding Saturday). **Late submissions will not be considered.**

## 2.4 Methods of Submission of Application

2.4.1 The following documents should reach the Scheme Secretariat by 12:00 noon, 29 April 2016.

- (a) the original plus one copy of the completed Application Form in hard copy;
- (b) a disk copy (soft copy **in pdf format**) of the completed Application Form under (a);
- (c) documentary proof of eligibility to apply and copies of relevant registration documents; and
- (d) supporting documents on the applications as requested under specific sections of the Application Form, if any.

2.4.2 If applicants fail to submit items in sections 2.4.1 (a) – (d) in accordance with the requirements, or fail to provide the essential information on the Application Form, e.g. estimated capital cost, business plan and financial

projections, etc., by the deadline, the Scheme Secretariat will reserve the right to disqualify the applications concerned. All submitted documents and materials will not be returned to the applicants.

2.4.3 Please note that no extension to the submission deadline of the Application Form would be granted, and no attachment, except the supporting documents mentioned in sections 2.4.1 (c) and (d), would be accepted. Application Forms with other unrequested additional attachments and/or those exceeding 88 pages (except for the section specified) will be considered as non-conforming applications, or the content of the exceeded pages and additional attachments may be disregarded in the assessment process at the discretion of the Steering Committee. Late applications and any revision to the details in the Application Forms after the deadline shall not be considered.

## **2.5 Notification of Results**

2.5.1 Applicants will be notified of the outcome of the first-round assessment after the Steering Committee has completed its deliberation.

2.5.2 Applicants who have passed the first-round assessment will normally be required to submit supplementary or further information for the second-round assessment or in case they have any revision or supplement to make. An appropriate period of time, about six weeks or as otherwise advised by the Scheme Secretariat, will be given to the shortlisted applicants to prepare the supplementary information and / or revised proposals. During this period, the applicants may be requested to attend an interview to present their proposal before the Steering Committee as part of the second-round assessment.

2.5.3 Applicants will be notified of the outcome of the second-round assessment after the receipt of all information required for the second-round assessment and after the completion of assessment by the Steering Committee. The selected applicants will be given an approval-in-principle so that they could take forward their selected proposals. Please refer to section 6 “Implementation of proposals after approval-in-principle was granted” for details on the necessary work to be undertaken to take forward the selected proposals.

2.5.4 The selected applicant, if not already a special purpose company (**SPC**), shall set up a SPC which possesses charitable status under Section 88 of IRO (Cap. 112) within nine months for the sole purpose of the project upon being selected. Please refer to section 5.1 on the setting up of the SPC.

2.5.5 The Government is not bound to accept any application submitted and reserves the right to announce the application results and to disclose the identity of the selected applicants without the consent of the selected applicants or any other applicants. An application shall not be deemed to have been accepted unless and until a Land Licence and / or a Funding Agreement are signed between the selected applicant and EPD.

## **2.6 Withdrawal**

2.6.1 Applicants may write to the Scheme Secretariat to withdraw their applications at any time before funding approval is sought from the Financial Services and the Treasury Bureau (FSTB) under delegated authority or the Finance Committee (FC) of Legislative Council (LegCo). **Withdrawal may affect the consideration of applications from the same applicant in future batches of the Scheme.**

## **2.7 Briefing Sessions and Open Days**

2.7.1 To facilitate interested parties to better understand the restored landfills under application as well as the operation of the Scheme, such as the application procedures, assessment criteria and scope of funding supports, briefing sessions will be arranged.

2.7.2 In addition, open days for the restored landfills under application will be arranged so that prospective applicants could visit and have a look of the restored landfills.

2.7.3 The exact dates (and venues) for the briefing sessions and open days are being arranged. Please visit EPD's website on Restored Landfill Revitalisation Funding Scheme at [www.epd.gov.hk/epd/rlrfs](http://www.epd.gov.hk/epd/rlrfs) for details nearer the time. Registration methods will be announced on the website.



## **2.8 Assistance to Applicants during the Application Process**

2.8.1 Applicants may contact the Scheme Secretariat for enquiries regarding the submission of applications:

Address: Secretariat of the Restored Landfill Revitalisation Funding Scheme  
Environmental Protection Department  
3/F, East Wing, 88 Victoria Road  
Kennedy Town, Hong Kong

Email: [rlrfs@epd.gov.hk](mailto:rlrfs@epd.gov.hk)

Phone: 2872 1658

Fax: 2591 6662

2.8.2 Information provided in response to enquiry may be shared with other applicants via a “Frequently Asked Questions” section at EPD’s website on Restored Landfill Revitalisation Funding Scheme at [www.epd.gov.hk/epd/rlrfs](http://www.epd.gov.hk/epd/rlrfs)

### **3. Screening and Assessment of Applications**

#### **3.1 The Steering Committee**

3.1.1 A Steering Committee, comprising Government and non-government representatives and experts in the fields of accounting, architecture, engineering, sports, social services as well as representatives of District Councils with restored landfills, has been set up to consider and assess applications received under the Scheme as well as to monitor progress of the supported applications and other related matters on the Scheme. Representatives of Bureaux / Departments concerned would also join the Committee as ex-officio members.

3.1.2 To avoid conflict of interest, members of the Steering Committee who are directly or indirectly related to any applicants or any applications will be required to declare interest and may be required to refrain from taking part in the discussion of the relevant applications.

#### **3.2 Screening and Assessment Criteria**

3.2.1 Unlike normal vacant land, there are certain development constraints inherent in restored landfills such as those outlined in section 1.3.3 as well as those highlighted in the Information Kit of the restored landfill concerned. Therefore, engineering and environmental feasibility of the proposed project is of paramount importance and relevant. Applications received will first be screened based on their engineering and environmental feasibility. **Only those applications which are found feasible in terms of being compatible with the landfill restoration and aftercare works as well as with the land use zoning and planning requirements of the sites concerned will be taken forward for further consideration.**

3.2.2 Applications which have passed the screening test will be taken forward for assessment on other aspects in accordance with the assessment criteria as highlighted in Table 1 below:

**Table 1: Screening and assessment of applications**

Areas of screening / assessment	Max. Mark
<b>(A) Screening criterion</b>	
<p>Engineering and environmental feasibility of the project</p> <ul style="list-style-type: none"> <li>■ Project proposal should be compatible with the landfill restoration and aftercare works as well as with the land use zoning and planning requirements of the landfill site concerned</li> </ul>	<p>Only those applications passed the screening test will be taken forward for assessment with respect to the assessment criteria</p>
<b>(B) Assessment criteria</b>	
<p>(i) Technical aspects of the project</p> <p>This includes:-</p> <ul style="list-style-type: none"> <li>■ Conceptual plan and preliminary technical design of the project (including the measures and arrangements to address the restored landfill site development constraints)</li> <li>■ Innovative design and use of the restored landfill site, and green architectural / landscape design, operation and management of the project</li> </ul>	<p>25%</p>
<p>(ii) Project's benefits and acceptance by the community</p> <p>This includes:-</p> <ul style="list-style-type: none"> <li>■ Project's benefits to the community at large, including degree of public enjoyment of the project, its social and recreational value, environmental benefits and other non-financial benefits of the project</li> <li>■ Acceptance and support from the community</li> </ul>	<p>25%</p>

<p>(iii) Financial viability and sustainability of the project</p> <p>This includes:-</p> <ul style="list-style-type: none"> <li>■ Financial aspects of the business plan, such as projected income and expenditure, proposed income-generating activities, starting costs, assumptions and basis of calculations on income and cost of sales, demand of proposed services / facilities, staff cost projections, cost control measures</li> <li>■ Reasonableness of the estimated capital costs, starting costs and operating expenses of the project and the amount of financial support required from the Government under the Scheme</li> </ul>	25%
<p>(iv) Management capability of the applicant</p> <p><i>(For joint applications, both the principal applicant and the cooperating organisation(s) will be assessed jointly for this aspect)</i></p> <p>This includes:-</p> <ul style="list-style-type: none"> <li>■ Management capability of applicant, including institutional set up, board of directors, adequacy of resources and manpower to deliver the project, level of commitment, history and objectives of organisation, backup from the parent organisations / headquarters (if any), core services provided, sources of income, cross sector collaboration etc.</li> <li>■ Track record and past experience, of the applicant and / or their key staff / project team, in planning, designing and developing / constructing similar project (including green design)</li> <li>■ Track record and past experience, of the applicant and / or their key staff / project team, in operating similar project (including green operation and management aspects)</li> </ul>	25%

- 3.2.3 There may be circumstances that no application could meet the assessment criteria to the satisfaction of the Steering Committee. In such case, the Government would arrange to re-invite applications for the restored landfill site concerned at a later stage.
- 3.2.4 The screening and assessment criteria are further elaborated at **Annex 1** for reference.

#### **4. Scope of Funding and Other Support to the selected applicants**

##### **4.1 Funding Support to the selected applicants**

4.1.1 The following funding support will be provided to selected applicant(s):–

- (a) capital grant, where necessary, to cover the costs, in part or in full, for the capital works and related matters as set out in sections 4.2.2 (a) to (e) of the approved projects;
- (b) if justified, a time-limited grant to meet the starting costs and operating deficits (if any) for a maximum of the first two years of operation of the approved projects; and
- (c) Nominal rental for the restored landfill sites.

##### **4.2 Grant for Capital Works**

4.2.1 Funding support, as capital grant, to cover the costs, in part or in full, for the capital works and related matters as set out in sections 4.2.2 (a) to (e) of the approved project will be provided to the selected applicant(s) where necessary. 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 proposed scale and usage of the site, subject to **a cap of \$100 million** (in money-of-the day (MOD) prices) per project.

4.2.2 This capital grant should cover the costs, *inter alia*, of the following studies and works:

- (a) the consultancy services for pre-construction preparations such as:
  - detailed architectural, structural, geotechnical, building services, town planning, environmental, landscape and engineering design etc. in accordance with the selected proposal;

- site investigation and survey, etc. to obtain information for preparing the detailed design;
  - tendering of the work contract for main contractor and tender assessment, preparation of contract documents, contract administration, management of resident site staff and supervision of the construction works; quantity surveying services for valuations, cost control and account preparation;
  - submission to the Town Planning Board under the Town Planning Ordinance (Cap. 131), as and when required;
  - preparation of a Landfill Gas Hazard Assessment for the proposed project;
  - apply for an Environmental Permit, and carry out Environmental Impact Assessment as and when necessary, under the Environmental Impact Assessment Ordinance (Cap. 499), as and when required;
  - submission of specified plans to the Buildings Department and the Fire Services Department etc., as and when required.
- (b) the cost for construction and development of facilities, including site formation, foundation, building, building services, landscape, external, road works, fencing of the project site, etc. if required, on the landfill sites in accordance with the selected proposal;
- (c) remuneration of resident site staff;
- (d) furniture and equipment for the operation of selected proposal; and
- (e) contingency for works contract (e.g. 10% of the amount of the works contracts).

4.2.3 The selected applicant's project management personnel will not be funded by the Scheme.

- 4.2.4 Applicants are reminded to include all the costs spelled out in sections 4.2.2 (a) to (e) as the capital costs of the proposed projects. In addition, the capital grant is capped at \$100 million in MOD prices per project subject to the approval of the FC of LegCo or FSTB under delegated authority. It may take several years, depending on the complexity of the project, from the grant of approval-in-principle to the final implementation of the project after having obtained the necessary funding approval. It is the responsibility of the applicant to take note and factor in the necessary and appropriate price adjustment (such as changes in capital costs resulted from inflation, changes in construction materials price and construction workers wages etc.) in estimating the capital costs. Please refer to section 6 on “Implementation of proposals after approval-in-principle was granted” for details on the necessary work to be undertaken to take forward the selected proposals.
- 4.2.5 There may be situation that the cost for capital works of individual proposed project may exceed \$100 million. However, the capital grant from the Government will be capped at \$100 million in MOD prices and the applicant shall be responsible for the excess amount. The applicant may consider acquiring addition funding support, if necessary, from **external, non-government sources**.
- 4.2.6 **To avoid duplication of funding support for the capital works of any single project from the government sources, applicants seeking funding support on capital cost under this Scheme should not apply or accept funding support on capital cost from other government sources otherwise the applications will not be considered.**
- 4.2.7 The Steering Committee will examine whether the amount of grant applied for is acceptable. If the Steering Committee considers the amount not justified, it will recommend an appropriate level of grant.

### **4.3 Grant for Starting Costs and Operating Deficits**

- 4.3.1 If justified, a time-limited grant to meet the starting costs and operating deficits for a maximum of the first two years of operation (if any) of the approved projects will be provided to the selected applicant(s) where



necessary. The financial ceiling for such grant is set at **\$5 million** (in MOD prices) per project. Costs incurred during the pre-operating period by the SPC are regarded as starting costs, which includes items not covered in the capital works (i.e. items not covered in section 4.2.2) and are necessary for the operation of the approved projects such as website and publicity works, consumables, remuneration of essential staff before commencement of operation of the projects etc.

- 4.3.2 Selected applicant(s) may apply to the Government for a grant to meet, in part or in full, their starting costs and / or deficits in the first two years of operation. In doing so, they should demonstrate that their project(s) are projected to become self-sustainable after the first two years of operation and provide detailed justifications, including their annual budgets for initial years of operation of the their project(s) (at least the initial three years). After obtaining the necessary funding approval, the grant for starting costs will be provided during the pre-operating period, and grant for operating deficits will be provided upon receipt of the audited financial statements / management accounts / financial plan of the relevant period. Please be reminded that, similar to the grant of capital works as spelled out in section 4.2.4, it is the responsibility of the applicant to take note and factor in the necessary and appropriate price adjustment in costs during the period of time from the grant of approval-in-principle to the final implementation and operation of the project in their estimation of the amount of grant needed.
- 4.3.3 The Steering Committee will examine whether the amount of grant applied for is acceptable. If the Steering Committee considers the amount not justified, it will recommend an appropriate level of grant.
- 4.3.4 The grant for starting costs will be based on items and costs approved by the Steering Committee and ENB / EPD. The amount of grant for meeting operating deficits will be limited to the approved ceiling, or the cumulative operating deficits (excluding non-cash expenditure items such as depreciation) as reflected in the audited financial statements / management accounts / financial plan, whichever is lesser.

#### **4.4 Nominal Rental for the Restored Landfill**

4.4.1 The Government will charge nominal rental for the restored landfill site through a Land Licence. In accordance with the Land (Miscellaneous Provisions) Regulations (Cap. 28A), the rental for restored landfills at urban area and New Territories is \$10 and \$1 per annum respectively.

4.4.2 The Government (as the licensor) will enter into legally binding tenancy agreement, in the form of a Land Licence, with the selected applicant (as the licensee) before any construction works can be carried out at the restored landfill site.

4.4.3 **No subletting of the landfill site, in part or in whole, will be allowed unless with the prior approval of the Steering Committee, ENB or EPD.**

4.4.4 Despite the Government will only charge nominal rental for the restored landfill site, selected applicants are however still required to pay the **rates and Government rent** for the properties and facilities developed on the restored landfill sites. The actual amount of rates and Government rent to be paid will depend on the size and usage of the site, size and nature of the properties and facilities developed on the site, location of the site, etc. The rateable value, and hence the amount of rates and Government rent, will be subject to annual revaluation by the Rating and Valuation Department. It is the responsibility of the applicants to consider if they wish to include the expenses for the rates and Government rent as one of the operating expenses of the project.

#### **4.5 Use of the Funding Support**

4.5.1 Any surplus of grants for the capital works, starting costs and operating deficits should be returned to the Government together with interest earned, if any.

4.5.2 **Approved project should be of non-profit-making in nature.** Selected applicant will be required to set up a dedicated account for each individual project. Any revenue, including interest, 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 on expiry of the Land Licence and / or Funding Agreement, should be returned to the Government, unless otherwise as agreed with ENB / EPD in advance.

4.5.3 The selected applicants should be self-financing and should not rely on Government subvention as its major source of income. In addition, the selected applicants should not rely primarily or heavily on donations and other forms of subsidy as the business should in principle be viable and sustainable on its own. Please see section 4.6 on “Donation and Sponsorship”.

4.5.4 **The selected applicants should not commit any expenditure (unless such expenditure is not to be met by the government grants) under the Scheme until the necessary funding approvals have been obtained as well as written approval has been obtained from ENB / EPD, or such expenditure will not be eligible for funding from the Scheme.**

#### **4.6 Donation and Sponsorship**

4.6.1 Donation (including donation-in-kind) and sponsorship can be received by the selected applicants for the purpose of implementing the approved project, as a subsidy for the capital costs or operating expenses. **Prior approval from the Steering Committee / ENB / EPD should be sought before acceptance of the donation and sponsorship with value exceeded \$20,000 each.**

4.6.2 Nevertheless, projects supported under the Scheme should be able to operate in a self-financing basis and should not rely on Government’s time-limited grant, donations or other forms of subsidy as its major source of income. However, under special circumstances, e.g. during extremely difficult period, donations can be regarded as a fallback source of income.

4.6.3 The Steering Committee / ENB / EPD will consider the proposed donations and sponsorships on a case-by-case basis. Again a common

sense approach and a proportionality test would be adopted. Applicants shall seek prior approval before receiving any donations, sponsorships or other forms of subsidy on the approved project with value exceeded \$20,000 each. As a general rule, donation and sponsorship from companies selling tobacco and hard liquor or involving in immoral, offensive activities, or from those individuals or companies who are the contractors or service providers of the approved project should be declined. It is the responsibility of the selected applicants to ensure that its management and staff avoid possible conflict of interest and conform to the requirements of the Prevention of Bribery Ordinance (Cap. 201).

4.6.4 All donations and sponsorships must be acknowledged in writing, with a copy retained for audit purposes. Donations and sponsorships in monetary terms shall be credited to the dedicated account of the approved project and should be indicated in the Statement of Profit or Loss and Other Comprehensive Income the amount of sponsorship and donation received. **Donation should in general be used first before tapping into the grants from the Scheme.** Unspent or unused donations / sponsorships should be returned to the donors / sponsors, or disposal of in compliance with the terms of the donations or sponsorships, or as agreed with the Steering Committee / ENB / EPD.

4.6.5 The names of the donors / sponsors, the type, amount and ultimate usage of donations (including donation-in-kind) / sponsorship received, as well as copies of the acknowledgement letters to donors / sponsors in relation to the project should be kept for seven years for inspection by ENB / EPD as and when necessary.

#### **4.7 Other Support to selected applicants**

4.7.1 Selected applicants may encounter difficulties in the process of project implementation. The Scheme Secretariat will provide a one-stop service to assist the applicants to take forward their proposal and, where necessary, refer their enquiries in specific areas to the appropriate departments.

4.7.2 The Scheme Secretariat will also assist selected applicants to consult the relevant District Council and stakeholders on their proposals and in

liaising with the departments concerned as appropriate.

- 4.7.3 However, the responsibility to make necessary statutory (or licensing if any) submissions still rests with the applicants. The selected applicants will assume the role of works agent and ultimately be responsible for the timely delivery of the approved projects from inception to completion of construction within budget and the operation of the projects as originally proposed.

## **5. Administrative and Financial Arrangement with the selected applicants**

### **5.1 Setting up of a Special Purpose Company**

5.1.1 To facilitate the monitoring of the income and expenditure of the approved project, the selected applicant shall set up a special purpose company (SPC) in Hong Kong, **with a dedicated account**, within **nine months** upon being selected (i.e. upon the grant of the approval-in-principle) for the sole purpose of operating the selected project. The SPC shall possess the charitable status under Section 88 of the IRO (Cap. 112). The SPC should, mutatis mutandis, submit a proposal in its own name together with documentary proofs of the setting up and the tax exemption status of the SPC within one month upon request by the Government in writing. **Expenses for the setting up of the SPC will be borne by the selected applicants.**

5.1.2 The selected applicant is required to complete the setting up of a SPC, as required under section 5.1.1, before obtaining any funding support under the Scheme.

5.1.3 The selected applicants / SPCs should undertake adequate measures to facilitate financial monitoring by the Government during the land licensing and / or funding agreement period, in particular to facilitate detection of any attempt to siphon off funds intended for or arising from the project to serve unrelated purposes.

### **5.2 Contractual Requirements**

5.2.1 The SPCs will be required to enter into agreements with the EPD, through:-

- (a) a **Land Licence** to occupy the restored landfill site for the development and operation of the approved project; and
- (b) a **Funding Agreement** if funding support from the Scheme is necessary.

- 5.2.2 Suitable terms and conditions, such as provisions on permissible usage, reinstatement of site if necessary (depending on the kind of usage of the site), and compatibility with the landfill restoration works, etc. will be set down in the Land Licence. On the other hand, terms and conditions on the amount of funding support granted, financial and operation obligations as well as fund disbursement arrangement, etc. will be set down in the Funding Agreement, if funding support from the Scheme is necessary. The SPCs shall comply with all the terms and conditions laid down in the Land Licences and / or Funding Agreements, and all instructions and correspondence issued by the ENB / EPD from time to time in respect of the approved project, or any other matter related thereto.
- 5.2.3 The duration of Land Licence and / or Funding Agreement is expected to vary from **3 to 15 years** as proposed by the applicant and advised by the Steering Committee having regard to the nature of the proposed development. ENB / EPD will review the performance of the approved projects and other factors prevailing at the time to decide whether the Land Licence and / or Funding Agreement will be renewed, subject to the advice from the Steering Committee. ENB / EPD reserves the right not to renew the Land Licence and / or Funding Agreement upon their expiry.
- 5.2.4 Any modification, amendment or addition to the approved project, including the change of the project period, project scope, mode of operation, or major budget components, requires the prior written approval of ENB / EPD, or may be considered as a breach of terms of the Land Licence and / or Funding Agreement.

### **5.3 Payment Arrangements**

#### *Payment for capital works*

- 5.3.1 Payments in relation to the capital grant, where necessary, to cover the costs, in part or in full, for the capital works and related matters of the approved projects will be made on a reimbursement basis. The SPCs should satisfy itself that the service / works claimed has been undertaken

in accordance with the terms and conditions of relevant agreement / contract and should settle the payment required in the first instance. The SPCs shall hold legal responsibility for any claims filed by consultants / contractors / service providers etc. if they fail to meet the obligations on timely payment of bills.

- 5.3.2 All claims for payment should be sent to the Scheme Secretariat for settlement and be supported by (i) invoices or bills and (ii) original receipts of the relevant payments certified correct by the authorised representatives of SPCs and their consultants where necessary. After checking the correctness of the documents, the Scheme Secretariat will make payment to the SPCs accordingly.

*Payment for starting costs and operating deficits*

- 5.3.3 For the grant to help the SPCs to meet the starting costs, unless with prior approval from the Steering Committee and ENB / EPD on other payment arrangement, payments will be made on reimbursement basis. Claims should be made to the Scheme Secretariat for settlement and supported by (i) invoices or bills and (ii) original receipts of the relevant payments certified correct by the authorised representatives of the SPCs. After checking the correctness of the documents, the Scheme Secretariat will make payment to the SPCs accordingly. Any expenditure which is not included in the approved estimate of starting costs is considered to be ineligible.

- 5.3.4 For the grant to help the SPCs to meet the operating deficits arising in the initial two years of operation, payment will be made on a reimbursement basis according to the audited financial statements for the project for the first and second year of operation.

*Other points to note*

- 5.3.5 However, if any SPC is unable to settle the bill due to cashflow problem, it may apply for advance payment from the Scheme Secretariat with justifications and supporting evidence such as bank statements, management accounts and / or financial plan as deemed necessary by the Scheme Secretariat. On basis of the justifications and supporting



evidence submitted, the Scheme Secretariat will give approval for advance payments to the SPC. If the Scheme Secretariat makes advance payment for a bill, the SPC should settle the bill as soon as possible and submit the original receipt from its contractors / suppliers / consultants duly certified correct to the Scheme Secretariat not later than one month after the receipt of advance payment.

- 5.3.6 All expenditure could only be reimbursed within 6 months, or otherwise as agreed with ENB / EPD in advance, after spending. Late applications for reimbursement will not be processed.

#### **5.4 Books of Accounts and Records**

- 5.4.1 The SPCs should maintain separate proper books of accounts and records for the project. The books of accounts and records of the project will need to be kept for inspection and may only be destroyed seven years after the end of the financial year in which the entry occurred.

#### **5.5 Project Bank Account and Interest**

- 5.5.1 The SPCs should keep a separate interest-bearing Hong Kong Dollar account with a bank licensed in Hong Kong solely and exclusively for processing all receipts and payments of the approved project. Payments from that account should be made by the authorised representative(s) of the SPCs. The SPCs will be required to provide documentary proof of such authorisation.
- 5.5.2 All interest income generated from the project bank account set out in section 5.5.1 above should be ploughed back into the project. Under no circumstances should the interest earned be applied for other uses outside the project, and no negative interest should be charged to the project.

#### **5.6 Title to Furniture and Equipment**

- 5.6.1 A register of furniture and equipment should be maintained to account for all fixed assets with individual cost of HK\$1,000 or above purchased during the initial two years of operation of the approved project. A

separate list should be kept for such fixed assets purchased using funding of the Scheme.

- 5.6.2 The SPCs will hold the title to furniture / equipment / items procured for the operation of the project using their own funds. However, if they have applied for grant to purchase any furniture / equipment / fixed asset for the approved project and have succeeded in their applications, then throughout the initial two years and for three years afterwards, prior written approval from ENB / EPD is required for the transfer, sale or disposal of the equipment / fixed asset. Sales or other proceeds, if any, should be reinvested into the project. The SPCs should conduct physical spot check on the furniture and equipment at least once a year and submit the inventory records to ENB / EPD as and when required.

## **5.7 Project Income and Residual Funds**

- 5.7.1 All income generated from the project, including the revenue earned from the usage of the services / facilities or other related commercial activity, irrespective of whether it has been declared in the proposal, should stay with the project and be accounted for with a view to being ploughed back to support the continuation of the project.
- 5.7.2 Any surplus arising from the project's operation should be re-invested back into the project. Upon completion of the project or on expiry of the Land Licence and / or Funding Agreement, any surplus, if available, should be returned to the Government, unless otherwise as agreed with ENB / EPD in advance.
- 5.7.3 The Government and the Steering Committee accept no liabilities for any deficits arising from the project.
- 5.7.4 If for any reason the project ceases operation while the Land Licence and / or Funding Agreement are still in force, the ENB / EPD reserves the right for prior claim to any sales or other proceeds arising from its cessation, with the exact amount to be determined up to the maximum level of the total grant paid by the Government during the first two years' operation of the approved project.

5.7.5 If for any reasons the project is suspended by the selected applicant / SPC during the course of development or at any stages before termination of Land Licence and / or Funding Agreement, the ENB / EPD reserves the right to require the selected applicant / SPC to reinstate the site to its original state at his own expense.

5.7.6 Upon dissolution of the selected applicant / SPC, any surplus funding and assets of the project should be returned to the Government or disposed of under any other arrangement as agreed in advance by the ENB / EPD in writing.

## **5.8 Use of Information and Data**

5.8.1 The Government has the right to make use of / disclose information in regard to the applications (as well as related information) as necessary for the purposes of assessing proposal, conducting research, sharing with other parties concerned, etc.

5.8.2 The selected applicants / SPCs are reminded to ensure that they have the ownership of the intellectual property rights relating to their respective projects, and that the intellectual property rights shall at any time be granted to the Government.

## **5.9 Procurement and Staff Employment**

5.9.1 The SPCs should exercise utmost prudence and care in procuring consultancies, contracts, equipment, goods or services in relation to their projects. They should ensure that all procurements of any value in relation to the project are made on an open, fair, value for money and competitive basis and only from those consultants / contractors / services providers / suppliers who are not their associates, associated persons, or related companies unless ENB / EPD has otherwise approved in writing, in order to ensure openness, fairness and value for money. The SPCs should adhere to the following procedures unless prior agreement has been obtained from ENB / EPD:

- (a) for every procurement the aggregate value of which is HK\$50,000 or below, quotations from at least two suppliers should be obtained;

- (b) for every procurement the aggregate value of which is more than HK\$50,000 but not exceeding HK\$1,430,000, quotation from at least five suppliers should be obtained;
- (c) for every procurement the aggregate value of which is HK\$1,430,000 or more, open tendering should be adopted; and
- (d) the selected applicants / SPCs should select the supplier that has submitted the lowest conforming bid. If the lowest bid is not selected, full justifications must be given and properly recorded for subsequent auditing purpose.

5.9.2 The SPCs should allow the Government, Director of Audit or its representatives to have unhindered access to and to enquire, examine and audit (including making copy of) the records and accounts in relation to the project and explain to the Government, Director of Audit or its representatives any matters relating to the receipt, expenditure or custody of any monies derived from the grant. All quotations and tendering documents in relation to the project should be kept for inspection by the Government, Director of Audit or its representatives for at least seven years after completion of the project or termination of the Land Licence(s) and / or Funding Agreement.

5.9.3 Works, services or goods provided by related parties of the SPCs which are not charged on an actual reimbursement basis should be set out in a service agreement to be submitted to ENB / EPD for prior consent before service commencement.

5.9.4 For staff to be employed for the project, the principles of openness, fairness and competitiveness should be strictly observed during the recruitment process. The level of pay should be on par with the general market level and the employment terms should comply with the Employment Ordinance (Cap. 57) and any other relevant ordinances. The statutory minimum wage requirement as stipulated in the Minimum Wage Ordinance (Cap. 608) must be observed.

- 5.9.5 Including but not limited to procurement and recruitment, the SPCs are required to put in place proper guideline and procedures for declaration of interest. The SPCs should remind and require their management board and staff involved in the procurement and recruitment processes to avoid any actual or perceived conflict of interest. If this is unavoidable, the management board or staff concerned should make the relevant declaration for a management decision as to whether they should abstain from the procurement and recruitment exercise. All cases of declaration of interest shall be properly documented.
- 5.9.6 If considered necessary by ENB / EPD, the Independent Commission Against Corruption (ICAC) may be requested to examine the management and control procedures of the approved projects with a view to providing corruption prevention advice to ensure the proper use of funds and resources. In such case, the SPCs should render necessary assistance to the ICAC. A code of conduct should also be drawn up by the SPCs.
- 5.9.7 It is the responsibility of the SPCs to ensure that their management and staff comply with the requirements of the Prevention of Bribery Ordinance (Cap. 201).
- 5.9.8 Arrangements as set down in sections 5.9.1 to 5.9.7 are not applicable to the engagement of consultants and contractors to undertake the capital works of the approved projects, which is separately outlined in sections 6.3 to 6.6.

## **5.10 Insurance**

- 5.10.1 The SPCs should procure appropriate insurance policies and indemnify the Government against any claim that may arise during surveys, investigations, construction and operation of the approved projects throughout the licensing and funding agreement period in accordance with the terms and conditions of the Land Licence and / or Funding Agreement.

## 5.11 Financial Guarantees, Undertakings and Indemnities

5.11.1 The Government may require, *inter alia*, undertakings from the selected applicants / SPCs and / or other interested parties (including without limitation where the selected applicant / SPC is a joint venture company, the shareholders, its respective holding companies, and its guarantors as described below). The Government expects such undertakings to take the form of non-assignable guarantees, undertakings and indemnities to be given directly to Government, on a joint and several basis. Such guarantees, undertakings and indemnities may include, *inter alia* –

- (a) guarantee / undertaking whereby the selected applicants / SPCs and / or other interested parties and / or financial institutions guarantee / undertake that the site will be furnished, operated, managed, maintained throughout the licensing and funding agreement period in accordance with the Land Licence and / or Funding Agreement;
- (b) an indemnity from the selected applicants / SPCs and / or other interested parties and / or financial institutions to indemnify the Government against any costs, expenses, damages and liabilities incurred by the Government arising out of or in connection with (i) any re-issue of invitation for proposals, re-tender, assignment or transfer of the project to any third party upon revocation or termination of the Land Licence and / or Funding Agreement due to the default of the selected applicant / SPCs and / or its guarantor and (ii) the performance or breach of the Land Licence and / or Funding Agreement; and
- (c) an unconditional and irrevocable financial undertaking from a guarantor for a maximum aggregate sum of the funding to be obtained from the Scheme.

5.11.2 Applicants are required to provide details of such guarantees, undertakings and indemnities in their project proposals if selected. Any guarantees, undertakings and indemnities offered in the project proposals must be maintained in force until the selected applicants have duly performed all their obligations under the Land Licence and / or Funding Agreement. The Government reserves the right to decide whether the

guarantor (which has to be financially capable) is acceptable and to disqualify any application concerned which fails to meet the Government's requirements.

6. **Implementation of proposals after approval-in-principle was granted**

6.1 Selected applicants will be given an approval-in-principle so that they could take forward their approved proposals. In addition to the setting up of a SPC as required in section 5.1, the selected applicants / SPCs have to carry out the following key tasks / assignments for project funding application, detailed project design and planning. A flow chart summarizing the key tasks / assignments to be done by the applicant after the grant of approval-in-principle is shown at **Annex 2**. These key tasks / assignments are also outlined below for reference. The Scheme Secretariat / EPD will render necessary assistance to the selected applicants / SPCs in carrying out these tasks / assignments.

*With the applicant's own resources:*

- (a) Submit a detailed master programme for the delivery of the proposed projects with all milestone dates identified (the master programme should be revised and updated from time to time as the project implements);
- (b) Prepare all necessary presentation materials, including visual images and documents, for consultation with the relevant District Councils;
- (c) Prepare a Technical Feasibility Statement<sup>3</sup> (TFS) for the capital works of the proposed projects to be included in Government's Capital Works Programme if Government's funding support is required;
- (d) Prepare the applications for funding for carrying out the capital works of the proposed projects (i.e. capital works as listed in

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<sup>3</sup> ENB / EPD will prepare a **Project Definition Statement (PDS)** for the capital works of the selected project to justify and define the scope of the project. The selected applicant / SPC, as a **works agent** of the project, has to confirm the feasibility of the proposed projects, on a prima facie basis, with the submission of a TFS.



sections 4.2.2 (a) to (e)), **if funding support from the Government is required.**

The carrying out of the capital works of the proposed projects should comply with the prevailing Capital Works Reserve Fund (CWRP) requirements, including the preparation of PDS (to be undertaken by ENB / EPD) and TFS (to be undertaken by the selected applicants / SPCs), and the approval of TFS (by Development Bureau). The selected applicants / SPCs will assume the role of **work agents** in undertaking the proposed projects.

The selected applicants / SPCs may engage professional consultants **at its own expense** to undertake necessary works or feasibility studies to facilitate their making of the TFS and submissions for funding support.

While the applications for funding will be put forward by ENB / EPD for approval, the selected applicant / SPC is expected to provide all necessary information to support the funding request and to attend the LegCo meetings and the relevant Panel meetings if required.

*Upon obtaining necessary funding approvals:*

The selected applicants / SPCs shall engage professionals, consultants or contractors as appropriate to undertake the following tasks / assignments:-

- (e) Carry out site investigation and survey, etc. to obtain information for preparing the detailed design;
- (f) Depending on the type and scale of the proposed project, make submission to the Town Planning Board under the Town Planning Ordinance (Cap. 131) for the proposed usages, as and when required;
- (g) Carry out a Landfill Gas Hazard Assessment for the proposed project;

- (h) Depending on the type and scale of the proposed project, apply for an Environmental Permit, and carry out Environmental Impact Assessment as and when necessary, under the Environmental Impact Assessment Ordinance (Cap. 499) for the proposed usages, as and when required;
- (i) Depending on the type and scale of the proposed project, make submission of specified plans to the Buildings Department and the Fire Services Department etc., as and when required;
- (j) Carry out detailed architectural, structural, geotechnical, building services, town planning, environmental, landscape and engineering design etc. including technical submissions, cost estimates of the construction and operation phases of the project with detailed breakdown, implementation timetables with milestones for key performance targets identified, tender documentation etc., in accordance with the selected proposal; and
- (k) Liaison with other parties for regulatory requirements, interfacing issues and dispute resolution as and when necessary.

6.2 Depending on the nature, scale and capital costs of the proposed project, applications for funding support may have to be made in two stages. For more complex and / or larger scale project, selected applicants / SPCs may first apply for funding support to carry out pre-construction preparations, including those studies and works listed out in sections 6.1 (e) to (j), so as to obtain further information for the detailed design of the proposed project. Upon completion of the necessary pre-construction preparation and the detailed design of the proposed project, selected applicants / SPCs should apply for funding support for the (remaining) capital works of the project. Please refer to the flow chart at **Annex 2** on Implementation of proposal after approval-in-principle.

6.3 For the employment of professional consultants to manage the capital works of the approved projects, the selected applicants / SPCs should select and invite those from the Lists of Consultants maintained by Architectural and Associated Consultants Selection Board (AACSB); or

the Services Directory of the Engineering and Associated Consultants Selection Board (EACSB) or other suitable sources, as appropriate.

- 6.4 For the Contractors to carry out the capital works of the approved projects, the selected applicants / SPCs should also select those from the Lists of Approved Contractors maintained by the Development Bureau (DEVB) or relevant government departments, or other suitable sources, as appropriate.
- 6.5 All quotations and tendering documents in relation to the project should be kept for inspection by the Government, Director of Audit or its representatives for at least seven years after completion of the project or termination of the Land Licence(s) and / or Funding Agreement.
- 6.6 Upon obtaining necessary funding approvals, a formal written approval on the proposed projects will be granted by ENB / EPD to the SPCs.
- 6.7 **The selected applicants / SPCs should not commit any expenditure (unless such expenditure is not to be met by the government grants) under the Scheme until the necessary funding approvals have been obtained as well as written approval has been obtained from the ENB / EPD, or those expenditure would not be eligible for funding from the Scheme.**
- 6.8 The SPCs will then be required to enter into agreements with EPD, through a Land Licence and / or a Funding Agreement. Upon the signing of the Land Licence and / or the Funding Agreement, the SPCs should implement the approved project in accordance with the terms and conditions of the signed agreements, including:
  - (a) procurement of construction works through tendering (with the assistance of professional consultants);
  - (b) construction of the facilities in accordance with approved plans;
  - (c) procurement of necessary equipment, furniture, or other goods and employment of necessary staff; and

- (d) commencement of operation of the facilities / services of the approved project.
- 6.9 If the funding application is not approved by LegCo, ENB / EPD reserves the right to withdraw the approval-in-principle. Similarly, if the selected applicant / SPC fails to obtain the necessary permission / approval from the respective authority within a specified period or there is prolonged delay in the implementation of the project in accordance with detailed master programme, ENB / EPD reserves the right to withdraw the approval-in-principle and invite applications for the restored landfill site concerned afresh at a future date. No compensation will be payable to the selected applicant / SPC under either situation.
- 6.10 **An application shall not be deemed to have been accepted unless and until a Land Licence and / or a Funding Agreement are signed between the SPC and EPD.**
- 6.11 The SPCs should endeavor to keep to the original project scope and project estimate as outlined in the submission to FC or FSTB for funding approval. Any variations or fine-tuning of project proposals during project implementation must be within the approved scope and project estimate. The projects should be carefully planned to avoid need of major changes in scope and / or approved project estimate (APE). Any major change in scope and / or APE must be endorsed again by the Steering Committee, ENB / EPD, FSTB, PWSC and / or FC.

## **7. Monitoring of the implementation of approved projects**

### **7.1 Detailed Master Programme**

7.1.1 Upon the granting of approval-in-principle by ENB / EPD, the selected applicants / SPCs are required to submit a detailed master programme for the delivery of the approved projects with all milestone dates identified (with reference to the date of formal funding approval from the FC of the LegCo and / or other pledged sources as appropriate) to the Scheme Secretariat for reference, and thereafter progress reports on a regular basis to the Scheme Secretariat for monitoring (please see section 7.2 on submission of progress report).

7.1.2 The Scheme Secretariat may appoint other Government departments or organisations to assist them in carrying out the monitoring works. The selected applicants / SPCs should provide whatever information as deemed necessary by the relevant Government departments or organisations and allow them to carry out site inspection works as necessary to facilitate the effective discharge of their duties. In carrying out their monitoring works, the relevant Government departments or organisations may need to enter into direct dialogue with the selected applicants / SPCs.

### **7.2 Regular Progress Reports and Final Evaluation Report**

7.2.1 The selected applicants / SPCs will be required to submit the following reports (under a standard format to be advised separately) on the project covering the period from the granting of approval-in-principle to the expiry of the Land Licence and / or Funding Agreement –

- (a) quarterly progress reports
  - reporting the progress of implementation of the selected projects;

- slippage to the detailed master programme, if any, together with the mitigation measures should be highlighted in the progress reports;
- should also include up-to-date actual and projected cash flow, variation orders and claims, if any, from the consultants and contractors of the project etc.
- to be submitted within one month following the end of the three-month period

(b) annual reports

- reporting the progress of implementation of the selected projects;
- should include an updated business plan and the financial plan of the approved project (see also section 7.3);
- should also contain the audited financial statements and Auditor's Reports for the selected projects (see also section 7.4);
- to be submitted within three months following the end of the accounting period

(c) final evaluation report

- evaluating the implementation, achievement and effectiveness of the selected projects;
- should contain the audited financial statements and Auditor's Reports for the selected projects (see also section 7.4);
- to be submitted within six months following the expiry of the Land Licence and / or Funding Agreement or termination of the project, whichever is the earlier

- 7.2.2 The SPCs applying for the time limited grant for meeting operating deficits without support of audited financial statements will be required to submit management accounts (including Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income) and / or financial plan certified correct by the authorised representatives of the SPCs as deemed necessary. The management accounts should substantiate amounts granted for the starting costs and operating deficits.
- 7.2.3 The above reports will be submitted to the Steering Committee for consideration.

### **7.3 Business and Financial Plans**

- 7.3.1 All approved projects supported under the Scheme should be self-sustainable (after the initial period of a maximum of the first two years of operation). To enable ENB / EPD to review and assess the operation of the approved project regularly, the selected applicants / SPCs should submit to ENB / EPD, at his own cost and expense, a three-year business plan and a three-year financial plan for the agreement of ENB / EPD **at least six months before the commencement of operation of the approved project**. Moreover, the selected applicants / SPCs should update and submit the business plan and the financial plan to ENB / EPD within three months following the end of the accounting year.
- 7.3.2 All approved projects should be of non-profit-making in nature. Nevertheless, to help maintain the financial viability and sustainability of the proposed projects, a certain extent of income-generating services / activities would be allowed in their business plan, without compromising the intended uses of the restored landfill sites. However, the pursuit of maximum profit should not be the primary objective of the projects.
- 7.3.3 All income-generating services / activities should be clearly spelled out in the business plan for agreement with ENB / EPD. Should there be any changes to the nature and extent of these income-generating services / activities, prior agreement with ENB / EPD should be made.

7.3.4 The business plan and financial plan will be submitted to the Steering Committee for consideration, as and when necessary.

#### **7.4 Audited Financial Statements**

7.4.1 SPCs are required to submit annual audited financial statements (along with the submission of the annual reports). The audited financial statements must contain the Auditors' Report (including an assurance that the funding was spent in accordance with the conditions of grant), Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Cashflow Statement and Notes to Financial Statements. All such financial information must be audited and certified by an independent auditor who is a Certified Public Accountant (Practising) registered under the Professional Accountants Ordinance (Cap. 50).

7.4.2 Audited financial statements should be submitted within three months following the end of the accounting period, and the final audited financial statements of the whole project should be submitted within six months following the expiry of the Land Licence and / or Funding Agreement or termination of the project, whichever is the earlier.

7.4.3 The selected applicants / SPCs should identify their own auditors. Should the auditing of the project incur extra cost (in terms of auditors' remuneration), the extra cost may be claimed from the Scheme as part of the grant to meet the operating deficits of the approved project for the first two years of operation.

#### **7.5 On-site Visits, Inspections and Progress Review Meetings**

7.5.1 For the purpose of monitoring the progress of project implementation as well as ensuring the development and operation of the approved projects are in compliance with the terms and conditions of the Land Licence and / or Funding Agreement, members of the Steering Committee, staff of the Scheme Secretariat and EPD, or Government officials from the relevant bureaux, departments or organisations authorised by the Government would conduct visits and inspections to the restored landfill site concerned and / or facilities of the approved project from time to time.



The selected applicants / SPCs will be required to assist in arranging such visits and inspections as necessary during both the construction and operational phases of the project implementation.

- 7.5.2 Progress review meetings with the selected applicants / SPCs will be arranged to review and examine the progress of the project implementation and level of achievement of the projects on a need basis.

## **7.6 Commencement of Operation of Approved Projects**

- 7.6.1 Selected applicants / SPCs should monitor and strive to complete the capital works of the approved project on time and within budget as stated in the approved funding paper. The approved project should commence active operation / service within three months after the completion of the construction / building works of the project, unless otherwise approved by ENB / EPD.

- 7.6.2 In any event that the selected applicant / SPC, without any reasonable justification(s), fails to commence active operation / service within the above said period, ENB / EPD shall reserve the right to refuse, suspend or withdraw the grant of funds to the selected applicant / SPC, or to reduce the amount of funds as ENB / EPD considers appropriate. In such circumstance, no compensation will be payable to the selected applicant / SPC.

- 7.6.3 In the event that the approved project is not operated to the satisfaction of ENB / EPD in accordance with the finalised proposal endorsed by ENB / EPD, ENB / EPD, as advised by the Steering Committee, will request the selected applicant / SPC to rectify the situation. In the event that the selected applicant / SPC fails to accede to ENB / EPD's request within a specified period, ENB / EPD, as advised by the Steering Committee, will decide whether to terminate the Land Licence and / or Funding Agreement and retake possession of the restored landfill site. Under such circumstances, no compensation will be payable to the selected applicant / SPC, and the selected applicant / SPC shall be held responsible and shall at its own expense to reinstate the restored landfill site and make good any damage done to the restored landfill site. If the applicant / SPC fail to carry out any such necessary works to the

satisfaction, ENB / EPD may carry out such works and the applicant / SPC shall pay to the Government on demand the cost of such works.

## **7.7 Premature Termination of Projects**

- 7.7.1 Prior written approval from ENB / EPD is required for premature termination of the project by the selected applicant / SPC for any reason before the expiry of the Land Licence and / or Funding Agreement. The selected applicant / SPC will need to attend District Councils and LegCo sessions to explain about the premature termination

**Secretariat of the Restored Landfill Revitalisation Funding Scheme  
November 2015**

Screening and Assessment of Applications

- A1.1 Applications received under the Restored Landfill Revitalisation Funding Scheme will first be screened based on their engineering and environmental feasibility. Only those applications which are found feasible in terms of being compatible with the landfill restoration and aftercare works as well as with the land use zoning and planning requirements of the sites concerned will be taken forward for further consideration.
- A1.2 Applications which have passed the screening test will be taken forward for assessment on other aspects in accordance with the assessment criteria as highlighted in Table 1 of Section 3.2.
- A1.3 These criteria are elaborated in the below paragraphs for applicants' reference.

**A2. Engineering and environmental feasibility of the project**

- A2.1 Applications received will first be screened based on their engineering and environmental feasibility. Applicants are required to fill in the following information and details in the Application Form to show and demonstrate their proposals are engineering and environmentally feasible.
- (a) Measures and arrangement to address the development constraints of the restored landfill site and to ensure the proposed project is compatible with the landfill restoration and aftercare works; and
  - (b) Compatibility with the land use zoning and planning requirements of the restored landfill site and other committed uses in the vicinity.

*Measures and arrangements to address development constraints of restored landfill site*

- A2.2 All proposed projects should be feasible from engineering and environmental perspectives. Applicants should take note of the development constraints as outlined in section 1.3.3 of the “Guide to Application” as well as those identified in the **Information Kit** of the restored landfill site under application. For example, applicants should take note of the loading limit and geotechnical condition of the restored landfill site under application in designing and devising their proposals.
- A2.3 Loading limit of the restored landfill site may vary from one landfill site to another. The limit has been clearly spelled out in the Information Kit of the restored landfill site concerned. Generally speaking, because of the loading limit constraint, building structures erected on restored landfill sites are mostly one to two storeyed structures. It will be unrealistic for instance to propose to build a 10-storeyed building complex on the restored landfill site.
- A2.4 There are a number of aftercare facilities such as underground landfill gas and leachate management systems, environmental monitoring wells, extraction wells etc. distributed on the restored landfill surface to facilitate the carrying out of aftercare works. Any afteruse development shall not interfere the proper operation of these restoration and aftercare facilities, cover or hinder the carrying out of aftercare works at these facilities or otherwise these facilities should be properly relocated by a specialist contractor at the cost of the applicants.
- A2.5 Since restored landfills were originally developed for the dumping of wastes and not for other uses, there is generally no proper (or up to public road standard) access to the flat areas of the landfill sites. Applicant(s) shall prepare to make their own arrangement and incorporate necessary access arrangement, including any Emergency Vehicular Access (EVA) if required, in their design of the proposal.
- A2.6 In addition, there is no provision of water supply, electricity, public drainage / sewerage system or other public utilities available at the restored landfill site. Should such public utilities are required, applicant(s)

shall prepare to make their own arrangement and incorporate the arrangement in their design of the proposal. Applicant(s), upon selected, shall liaise and make arrangement with the utility undertakers on their own for the provision of such utilities and services, if necessary, during project implementation.

- A2.7 Proposed project should be compatible with the landfill restoration (e.g. the proposed development should not exceed the loading limit of the landfill site concerned) and aftercare works (e.g. the proposed development should not hinder the environmental monitoring work), **otherwise the project proposal would be considered as not feasible.**

*Compatibility with the land use zoning and planning requirements of the restored landfill site and other committed uses in the vicinity*

- A2.8 Most of the restored landfill sites are zoned as “Open Space”, “Green Belt” or “Recreation”. Any proposed project should take note of the Outline Zoning Plan (OZP) of the restored landfill site. Proposed projects should be compatible with the planning intention and requirements (in particular the permitted land use) of the zoning. **If the proposed project is not one of the permitted uses under the land use zoning of the restored landfill site concerned, the proposed project will be considered as not compatible.**

- A2.9 The full set of OZP including the Plan, Notes and Explanatory Statement is available at the website of the Town Planning Board (TPB) (<http://www.info.gov.hk/tpb/>).

- A2.10 Proposed project should be compatible to present and committed uses in the vicinity of the restored landfill sites.

### **A3. Technical aspects of the project**

- A3.1 After reviewing the engineering and environmental feasibility of the proposed projects, the technical aspects of the proposed projects will be considered. Applicants are required to fill in the following information and details in the Application Form:-

- (a) Conceptual plan and preliminary design of the proposed project, with illustration in drawings and layout plans as appropriate;
- (b) Building structures and facilities to be included in the proposed project, together with a plan showing the preliminary layout of these building structures and facilities on the restored landfill site;
- (c) Innovative design and use of the restored landfill site, and green architectural / landscape design, operation and management of the proposed project; and
- (d) Preliminary assessment, with justifications, on the likelihood of the proposed project in meeting the relevant legislation in force in Hong Kong.

*Conceptual plan and preliminary design of the project*

A3.2 Applicants are required to clearly indicate in the Application Form the conceptual and preliminary design of the proposed project, with illustration in drawings or layout plans as appropriate. In addition, applicants should list out all building structures and facilities, with approximate sizes, to be developed under the proposed project. Location of these buildings and facilities should be shown on a layout plan for reference.

A3.3 Besides, the measures and arrangement to address the restored landfill site development constraints, as referenced in A2, will also be considered as part of the technical design of the proposed projects.

*Innovative, environmentally friendly or green design and uses*

A3.4 While in the past years restored landfills are often developed into recreational parks or sports ground like the Ngau Chi Wan Park, Jordan Valley Park, and the Sai Tso Wan Recreation Ground, the Government welcomes any innovative proposal to be developed at the restored landfills under the Scheme. Innovative proposal as well as those that could upgrade the image of the district where the restored landfill is situated would be a merit in the assessment.

A3.5 Applicants are encouraged to adopt environmentally friendly elements and green architectural design or uses in their project proposals. The integration of green architectural / landscape design, operation and management is required. In general, reference should be made to the Government Circular on “Green Government Buildings”. Where appropriate, consideration to Appendix D of the Circular on “Other Green Measures / Practices for Enhancement of Building Environmental Performance” is encouraged.

A3.6 In addition, applicants, if selected, are required to observe the green measures and practices adopted in government buildings, where appropriate, in their design, operation and management of the selected projects. Reference should be made to the Government Circular on “Green Government Buildings”.

**A4 Project’s benefits and acceptance by the community**

A4.1 The main objective of the Scheme is to expedite the development of gainful afteruses at the restored landfills so that the community can benefit from them at the earliest opportunity. Therefore, proposed projects shall be beneficial and well acceptable by the community. To facilitate consideration and assessment of proposals in respect of this criterion, applicants are required to fill in information and details in the Application Form to show and demonstrate their proposed projects are beneficial and well acceptable by the community.:-

- (a) Services / facilities to be provided by the proposed project;
- (b) Target group(s) of the community using the proposed services / facilities;
- (c) Social and recreational value, environmental benefits and any other benefits of the proposed project; and
- (d) Acceptance and support from the community on the proposed project.

*Project's benefits to the community*

- A4.2 Proposed project that could bring benefit(s) and is well accepted by the community would definitely be a merit in the assessment. Applicants should take note of the community's need and aspiration as well as the specific environment of the district where the restored landfill is situated in drawing up their proposal.
- A4.3 Applicants should list out and elaborate the social and recreational value, environmental benefits and any other benefits or achievements the proposed projects could bring up so that the Steering Committee could evaluate the benefits of the proposed projects to the community on the whole.
- A4.4 As the community particularly, those in the neighbouring districts, were affected / inconvenienced to a certain degree by the landfills during their active operation, they should be given opportunities in enjoying the afteruse of restored landfills. Generally speaking, a proposed project or facility which could be enjoyed and utilized by a larger group of community, rather than a small privileged group, would be more desirable and preferable.

*Acceptance and support from the community*

- A4.5 Proposed projects that could address the community's need and are well accepted by the community are desirable. Applicants are therefore encouraged to touch base and seek support from the local community. Collaboration with the local community groups or organisations is also encouraged.
- A4.6 In addition, the Government would consult the relevant District Council (where the restored landfill is situated) to seek their initial views, from the local community angle, on the proposed uses based on the applications received. The District Council's views will be duly considered in the assessment of applications.



## **A5. Financial viability and sustainability of the project**

A5.1 Projects supported under the Scheme should be able to operate in a self-financing basis. In this regards, applicants are required to fill in information and details in the Application Form to show and demonstrate the proposed projects are financially viable and sustainable as well as information relating to estimated capital costs and operating expenses of the proposed projects:-

- (a) A 3-year business plan with details on mode of operation of the proposed project, proposed income-generating activities, projected income and operating expenses, assumptions and basis of calculations on income and cost of sales, target group(s) of user(s), demand of proposed services / facilities, staff cost projections and cost control measures; and
- (b) Estimated capital costs, starting costs and operating results of the project, source(s) of non-government funding (if any) and the amount of financial support required from the Government for the capital costs, starting costs and operating deficits (for a maximum of the first two years of operation) of the projects.

### *Business plan of the proposed project*

A5.2 Applicants are required to provide a business plan for the proposed project with details on the mode of operation of the proposed services / facilities, a list of income-generating services / activities, target clients, analysis of the market for demand of such services / facilities, operation plans, projected incomes and operating expenses<sup>4</sup>, staff cost projections for **the initial three years**, as well as the assumptions and basis of the estimation / calculations. The business plan will be critically scrutinized for assessment of the financial viability and sustainability of the proposed projects.

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<sup>4</sup> For operating expenses of the project, applicants are reminded to include, among others, the rates and Government rent for the proposed development on the restored landfill site. The amount of rates and Government rent to be paid will depend on the size and usage of the site, size and nature of the properties and facilities developed on the site, location of the site, etc.

- A5.3 All approved projects supported under the Scheme should be of non-profit-making in nature. Nevertheless, to help maintain the financial viability and sustainability of the projects, a certain amount of income-generating services / activities would be allowed in their business plan, without compromising or diminishing the intended uses of the restored landfill sites. The proposed nature and extent of these income-generating services / activities should be clearly spelled out and illustrated in the proposal submitted. The pursuit of maximum profit shall not be the primary objective of the proposed project. Any revenue earned from these activities / the project has to be ploughed back to the dedicated account for operation of the project.
- A5.4 There is no specific limitation or restriction on the nature and extent of the income-generating services / activities for a particular project, which will be considered on a case-by-case basis by the Steering Committee in the light of the nature of individual project proposals. Nevertheless, in evaluating the proposed income-generating services / activities, a common sense approach and a proportionality test will be adopted in assessing the applications and on the merit of each case. The intended uses of the restored landfill sites as prescribed by the project proposals should not be compromised or diminished by the proposed income-generating activities. In any case, activities which are illegal, immoral, contravening the principle of environmental protection, contain elements which are offensive, affecting the image of the Government or in relation to tobacco or hard liquor etc. are not acceptable. The launching of any income-generating services / activities at the restored landfill site shall obtain written consent from the Steering Committee / ENB / EPD **in advance** and subject to the terms and conditions as required by the Steering Committee / ENB / EPD.
- A5.5 While the selected applicant can charge fees for the use of part of the restored landfill on a short-term basis, e.g. to an cultural group for organising an exhibition, to a performance company for staging a performance / concert or to a school / educational group for organising a summer camp (such usages shall be included in the list of income-generating services / activities of the business plan of the proposal), **no subletting of the landfill site, in part or in whole, will be allowed unless with the prior approval of the Steering Committee**

**and ENB / EPD.** In general, proposal for subletting would be considered on the merit of each case taking into account (i) the percentage of site area for subletting (the larger the percentage, the less desirable); (ii) the duration involved (the longer the duration, the less desirable) and should be compatible with the approved uses of the site. Rent for any subletting of the landfill site, if approved, should be charged in accordance with the market price.

*Estimated capital costs, starting costs and operating expenses of the project and the amount of financial support required from the Government*

- A5.6 As spelled out in section 4.2, the Government will provide capital grant to the selected applicant(s) to cover the costs, in part or in full, for the capital works and related matters as set out in sections 4.2.2 (a) to (e) of the selected project where necessary, subject to a cap of \$100 million per approved project (in MOD prices).
- A5.7 Applicants are required to indicate the estimated amount of the capital costs of the proposed projects as well as the proposed amount of capital grant needed from the Government, if any. Applicants are reminded to include all the costs that spelled out in sections 4.2.2 (a) to (e) as the capital costs of the proposed projects.
- A5.8 Applicants are also required to state in the Application Forms whether they are applying or have already applied for sources of other non-government funding, as well as the amount of funding, for the capital works or starting costs and operating expenses of the proposed projects. Donations or any other forms of subsidy, if any, should be clearly indicated.
- A5.9 **To avoid duplication of funding support for the capital works of any single project from the government sources, applicants seeking funding support on capital cost under this Scheme should not apply or accept funding support on capital cost from other government sources otherwise the applications will not be considered.**

- A5.10 The capital works of the proposed projects should be appropriate and reasonable. The Steering Committee will examine the estimated capital costs of the proposed project, and proposed amount of capital grant needed from the Government, if any, and consider whether the amounts are justified, appropriate and reasonable.
- A5.11 Based on the business plans of the proposed projects, applicants should provide an estimate of the starting costs required and operating deficits, if any, of the proposed projects in the first two years' operation. Applicants should also state the amount of subsidy needed, if any, from the Government for meeting the starting costs and operating deficits of the projects for a maximum of the first two years of operation. (Please refer to section 4.3 on the scope of the subsidy for starting costs and operating deficits). Taking note of the business plans of the proposed projects, the Steering Committee will examine the estimated starting costs and operating expenses of the proposed project, and proposed amount of subsidies needed from the Government, if any, and consider whether the amounts are justified.

**A6. Management capability of the applicant**

- A6.1 Applicants are required to demonstrate their capability in delivering the projects as proposed. They are required to fill in information and details in the Application Form to show and demonstrate they have the ability to take forward their proposals:-
- (a) Institutional set up, including board of directors, of the applicant;
  - (b) History and objectives of the applicant;
  - (c) Core services provided by the applicant;
  - (d) Sources of income of the applicant;
  - (e) Level of commitment and resources to deliver the proposed project;
  - (f) Track record and past experience, of the applicant and/or their key

staff and project team, in planning, designing and developing / constructing similar project (including green design) (if any);

- (g) Track record and past experience, of the applicant and / or their key staff and project team, in operating similar project (including green operation and management aspects) (if any); and
- (h) Supplementary Information (if any) (e.g. support from third-party endorser(s) and cross sector collaboration).

A6.2 Joint applications involving two or more organisations (NPOs or NSAs) are welcome, they will be assessed jointly for this aspect. Nevertheless, there should be clear accountability arrangement where each application should have only one principal applicant.

#### *Management capability of applicant*

A6.3 Based on applicants' institutional set up, staffing arrangement, level of commitment, history and objectives of organisation, core services provided, sources of income, support from third-party endorser(s), cross sector collaboration etc., the Steering Committee will assess the applicants' capability in delivering the projects as proposed.

A6.4 The Steering Committee will also assess any backup from the applicants' parent organisations / headquarters (if any), in terms of both manpower and financial support, on the proposed projects. Backup and support from applicants' parent organisations / headquarters (if any) is considered helpful and valuable particularly during initial operating period or at times when the income of the projects is less than projected.

A6.5 Applicants could provide supplementary information, e.g. support from third-party endorser(s) (e.g. local community groups) and cross sector collaboration to support their ability to take forward the proposed projects.

A6.6 Cross sector collaboration refers to the collaboration among the cultural, recreational, sports, professional and business sectors in implementing the proposal. Cross sector collaboration may help supplement individual

applicant's inadequacy in certain area and help enhance the management capability of the applicant's project team in delivering the proposed project.

*Track record and past experience in delivering similar projects*

A6.7 In assessing the applicants' capability in delivering the proposed projects, the Steering Committee will assess the applicants' track record and past experience (both the applicant organisation and / or their key staff / project team,) on planning, designing, developing and operating similar nature and scale of project (including green design, green operation and management). Both local and overseas records and experience will be considered.

Flow Chart on Implementation of Proposal After Approval-in-principle







