

**Environment and Conservation Fund  
Proposed Strategic Plan, Budget and Arrangement for 2017-18**

**Purpose**

This paper seeks Members' views and agreement for the proposed strategic plan, budget allocation and related arrangement for the financial year 2017-18.

**Progress in 2016-17**

2. The 2016-17 budget approved by the Environment and Conservation Fund (ECF) Committee on 23 February 2016 was \$216 million. Waste reduction continued to be a key theme to be promoted, and hence \$95 million was allocated for various community waste reduction and Food Wise Campaign education projects. The remaining \$121 million was allocated for projects under the various schemes of Environmental Education and Community Action (EE&CA), Environmental Research, Technology Demonstration and Conference, Nature Conservation Management Agreement, as well as activities organized by the Environmental Campaign Committee (ECC).

3. In 2016-17, the Secretariat has so far arranged eight rounds of invitation of applications and four detailed briefings/experience sharing sessions on EE&CA, biodiversity and school on-site meal portioning projects as well as community involvement projects on municipal solid waste charging. As at end January 2017, ECF has allocated \$77.9 million for waste reduction, EE&CA and environmental research projects. Before the end of the financial year 2016-17 :

a) ECF Committee will consider eight projects exceeding \$2 million with a total amount of \$44.24 million; and

b) vetting subcommittee meetings to consider applications received in the second batch of invitation for waste reduction projects and EE&CA projects.

4. Together with committed funding for ECC activities, it is expected that the 2016-17 budget will be mostly spent.

5. In accordance with the requirement of the ECF Ordinance, the Trustee Report 2015-2016 was submitted to the Legislative Council in October 2016 for its meeting on 9 November 2016. A summary of the activities carried out in 2016 is attached in **Appendix 1**.

### **The Strategic Plan and Budget for 2017-18**

6. After consulting various programme managers of the Environment Bureau (ENB) and Environmental Protection Department (EPD) and having taken into consideration the Government's new initiatives related to the environment, we propose to designate waste reduction, climate change, biodiversity and nature conservation as the priority areas for funding support. The proposed allocation of ECF funding support in 2017-18 is presented in **Table 1**, with a total budget of **\$249 million**. Details are outlined below –

**Table 1 - Budget Proposal for 2017-18**

Relevant Funding Scheme / Programme	Project / Programme	2015-16 Allocation (\$ million)	2016-17 Allocation (\$ million)	2016-17 Estimated Approved Budget (\$ million)	2017-18 Proposed Allocation (\$ million)
<b>Community Waste Reduction</b>	Waste Reduction Projects	70	65	38 <sup>Note 1</sup>	<b>Waste Reduction : 78</b>
	Food Waste Reduction Projects	20	20	4 <sup>Note 1</sup>	
	Food Related Projects (including surplus food recovery)				
	Food Waste Recycling Projects for Housing Estates <sup>Note 2</sup>	10	-	-	
<b>Community Involvement</b>		<b>Note 3</b>			<b>MSW Charging : 23</b>

<sup>Note 1</sup> The amount of estimated approved budgets for Waste Reduction Projects, Food Related Projects, Food Wise Campaign Education Projects, General Education Projects and Biodiversity Education and Community Involvement Projects are calculated up to 30 November 2016 on the basis of outcome of the first round of invitation exercises. The funding applications for these projects received in the second round invitation exercises will be processed in February and March 2017.

<sup>Note 2</sup> \$10M was included in the 2015-16 allocation to increase the total earmarked amount from \$50M to \$60M. Additional allocation is not required for 2016-17.

<sup>Note 3</sup> \$50M was earmarked for this programme in 2015.

Relevant Funding Scheme / Programme	Project / Programme	2015-16 Allocation (\$ million)	2016-17 Allocation (\$ million)	2016-17 Estimated Approved Budget (\$ million)	2017-18 Proposed Allocation (\$ million)
<b>Projects on Municipal Solid Waste Charging</b>					
<b>Environmental Education &amp; Community Action</b>	Food Wise Campaign Education Projects	10	10	0.7 <sup>Note 1</sup>	<b>General &amp; Demonstration Projects combined : 20</b>
	General Education Projects	15	15	10.3 <sup>Note 1</sup>	
	Demonstration Projects	10	10	8.6	
	Biodiversity Education and Community Involvement Projects	-	5	- <sup>Note 1</sup>	<b>Biodiversity : 5</b>
<b>Energy Conservation</b>	Energy Conservation Projects	-	6	6	<b>2 (cost of the Service Level Arrangement with EMSTF)</b>
<b>Environmental Research, Technology Demonstration and Conference</b>	Research, Technology Demonstration and Conference Projects	20	30	16.3 (+ 12.65 subject to ECFC's approval)	<b>30</b>
<b>Nature Conservation</b>	Nature Conservation Projects (including Management Agreement Projects)	15	24	31.59 (subject to ECFC's approval)	<b>30 (for potential conservation projects in South Lantau)</b>

**Note 1**

The amount of estimated approved budget for Waste Reduction Projects, Food Related Projects, Food Wise Campaign Education Projects, General Education Projects and Biodiversity Education and Community Involvement Projects are calculated up to 30 November 2016 on the basis of outcome of the first round of invitation exercises. The funding applications for these projects received in the second round invitation exercises will be processed in February and March 2017.

Relevant Funding Scheme / Programme	Project / Programme	2015-16 Allocation (\$ million)	2016-17 Allocation (\$ million)	2016-17 Estimated Approved Budget (\$ million)	2017-18 Proposed Allocation (\$ million)
<b>Environmental Campaign Committee</b>	Environmental Campaign Committee Programmes	30	31	31	<b>ECC Programmes (including Clean Recycling and other new Government initiatives) : 41</b>
<b>Total :</b>		200	216		<b>249</b>

7. The proposed 2017-18 budget of \$249 million is higher than the budget of \$216 million for 2016-17 and \$200 million for 2015-16. The increase is mainly owing to the need to support new initiatives including climate change, clean shorelines and nature conservation in South Lantau. The investment return from the Hong Kong Monetary Authority (HKMA) for 2016 was 3.3% which is equivalent to \$173 million, already paid in January 2017. The investment return rate for 2017 will be made known after the Budget Speech scheduled on 22 February 2017. As at end March 2017, the estimated uncommitted ECF balance minus the principal deposited with HKMA is estimated to be about \$294 million, which would be sufficient to cover the proposed budget for 2017-2018.

8. Under the competition-based vetting mechanism, the proposed plan for inviting applications is shown in **Table 2**. Based on the experience in 2016-17, project applicants are content with the timing of invitation for applications under the various funding schemes. Hence we propose, as in 2016-17, applications for Community Waste Reduction Projects, including food related projects and EE&CA Projects be invited in two rounds to give more flexibility for the applicant organizations to prepare their project applications. As Environmental Research, Technology Demonstration and Conference Projects usually involve more in-depth planning and long lead time in implementation, we propose to invite applications once a year to support the most meritorious and worth supporting projects. We will continue to organize briefings for prospective applicant organizations to build up their capacity for applying and running projects.

**Table 2 - 2017-18 Time Table for Inviting Project Applications**

Types of Funding		Invitation	Deadline for Submission	Approval by Vetting Subcommittee
Community Waste Reduction Projects	1st Batch	May / June	June / July	September / October
	2nd Batch	October / November	November / December	February / March
Community Involvement Projects on MSW Charging		April / May	June / July	September / October
EE&CA Projects	1st Batch	March	May	August / September
	2nd Batch	September / October	November / December	February / March
Environmental Research, Technology Demonstration and Conference Projects		late February	May	November

**Advice Sought**

9. Members are invited to consider and approve the proposed budget allocation and arrangements in paragraphs 6 and 7 above.

**ECF Secretariat  
February 2017**

## Report on the Activities and Performance of ECF in 2016

In 2016, we followed the decision of the ECF Committee in arranging the invitations for project application as outlined in the ECF Paper 29/2015-16. The details are as follows:

(a) **Community Waste Reduction Projects** – We arranged two rounds of invitation in May and November 2016 respectively. Out of a total of 29 applications received in the first round of invitation, 14 projects were approved with a total funding of about **\$42 million**. The Waste Reduction Projects Vetting Subcommittee (WRPVSC) will vet the 21 applications received in the second round of invitation in its meetings scheduled for February 2017. The Secretariat will submit those applications recommended by the WRPVSC with budget exceeding \$2 million for the ECF Committee’s consideration and approval.

(b) **Community Involvement Projects on Municipal Solid Waste (MSW) Charging** – In 2015, the ECF Committee earmarked **\$50 million** for related projects that would help prepare the community for the implementation of the proposed quantity-based MSW charging in Hong Kong and invited applications in October. In 2016, we arranged another round of invitation in May and received 26 applications, out of which 20 projects were approved with a total funding of about **\$21 million**. Together with the **\$12 million** for the 13 projects approved in early 2016, an accumulative total of 33 projects at about **\$33 million** had been approved under this new funding scheme. It is anticipated that about **\$23 million** would be required for funding similar projects in 2017-18.

(c) **Environmental Education & Community Action (General Projects) and Food Wise Campaign Education Projects** – We arranged two rounds of invitation in January and August 2016 and received a total of 114 applications. Of the 45 applications received in the first round of invitation, 21 projects were approved with a total funding of about **\$10.9 million**. The Environmental Education & Community Action Projects Vetting Sub-committee (EE&CAPVSC) will vet the 69 applications received in the second round of invitation in March 2017. The Secretariat will submit those applications recommended by the EE&CAPVSC with budget exceeding \$2 million for the ECF Committee’s consideration and approval.

(d) **Environmental Education & Community Action (Demonstration Projects)** – We arranged one round of invitation in February 2016. The vetting of applications was completed in November 2016. Out of a total of 53 applications received, 32 projects were approved with a total funding of **\$8.6 million**.

(e) **Environmental Research, Technology Demonstration and Conference Projects** – We arranged one round of invitation in February 2016. The vetting of applications was completed in November 2016. A total of 118 applications were received and 20 projects (including three conference projects and 17 research and/or technology demonstration projects) were approved with a total funding of **\$16.3 million**. Four projects each with requested budget exceeding \$2 million (with total funding sought amounting to around **\$12.65 million**) are recommended to the ECF Committee for consideration and approval .

(f) **Nature Conservation Management Agreement Projects** – We arranged one round of invitation in August 2016. The application deadline was 26 September 2016. A total of four applications were received and would be considered at the ECF Committee meeting on 14 February 2017.

2. To help the applicants understand the requirements of ECF, we have also arranged the following experience / knowledge sharing sessions in 2016 :

(a) **Environmental Education and Community Action Projects** – We arranged two public briefings for these projects in 2016. At the first briefing on 2 February 2016, we invited two recipient organizations to share their valuable experiences in organizing general education and demonstration projects. Representative of the Environmental Protection Department also gave a briefing on clean recycling. In connection with the \$5 million allocation to support environmental education projects on biodiversity, a second briefing was held on 25 August 2016 during which representatives of the Agriculture, Fisheries and Conservation Department gave a presentation on biodiversity to help potential applicant organizations understand better the expectations and requirements of related projects.

(b) **Sharing on On-site Meal Portioning Projects (OMPs) in Schools** – At the public briefing session held on 2 February 2016 (see (a) above), the school management of the C.C.C. Kei Wai Primary School (Ma Wan) was invited to share its experience in implementing on-site meal portioning and

education programmes related to food waste reduction. The Electrical and Mechanical Services Trading Fund also gave a presentation on its technical support rendered to school applicants of OMPs and explained the process of relevant installation and conversion works.

3. Given the very limited experience of the recipient organizations to implement Community Involvement Projects on MSW Charging, we arranged two special briefings on 20 April and 6 December 2016 for the recipient organizations to remind them of the requirements and expectations of the ECF and EPD, before their actual commencement of the projects.

4. In accordance with the ECF Ordinance, we submitted the Trustee Report 2015-2016 to the Legislative Council in October 2016 for presentation at its meeting on 9 November 2016. The report can be downloaded from the following website:

<http://www.legco.gov.hk/yr16-17/english/counmtg/papers/cm20161109-sp022-e.pdf>