

**Funding Support for Non-governmental Organizations to Operate
The Plastic Resources Recycling Centre at EcoPark in Tuen Mun**

This paper seeks members' endorsement of the arrangements proposed by the Environmental Protection Department (EPD) to continue the operation of the Plastic Resources Recycling Centre (PRRC) at the EcoPark for two years by engaging a non-government organization (NGO) as an operator to be selected through an open invitation exercise.

Background

2. The PRRC was set up by the Government after the financial crisis in 2008 when the local recycling industry faced gloomy prospects and was not keen on recovering waste plastics. To pursue the objective of the Environment and Conservation Fund (ECF) in promoting individual behavioral and lifestyle changes for environmental protection and sustainable development purposes, the main mission of the PRRC has been to foster community participation in source separation and waste recovery initiatives. Leveraging on the operator's network and experience, the PRRC has been able to reach out to the public effectively, particularly students, in promoting source separation of waste. The PRRC also offers visitors a unique opportunity to obtain firsthand information including the challenges in the plastic recycling process. As in November 2015, the PRRC has organised over 5,000 educational, promotional and publicity activities to promote recycling of waste plastics and received 40,000 visitors. The PRRC has established a highly visible profile in the community and earned good reputation.

3. Furthermore, being a visible and secure outlet for waste plastics, the PRRC has been playing an important role in reducing the amount of local source separated plastic waste to be disposed at landfills. The operation of the PRRC covers processing collected waste plastics by disinfection, manual sorting, shredding, washing and pelletizing into value added raw materials. These raw materials have been sold to recyclers or traders through open tendering for recycling into useful products. As in November 2015, the PRRC has processed 8,000 tonnes of waste plastics over the years. Its role of diverting waste plastics

from landfill has increased particularly when the export prices of waste plastics fluctuated and the importing regions tightened their control over the quality of the recyclable.

Proposed Way Forward

4. The current PRRC is operating as a project funded by the ECF for 3 years with a budget ceiling of \$10 million. The operator was a NGO selected through an open invitation exercise. The current 3-year term for the operation of the PRRC will end on 2 March 2016. The ECFC has adopted a holistic approach to measure the overall performance of the PRRC using a basket of performance indicators on production, promotion, employment and training, instead of solely based on the daily throughput quantities. During the past years of operation, overall speaking the PRRC has met the targets set out in the project brief and even outperformed them occasionally.

5. Over the years, the operation of the PRRC has laid a solid foundation to enable EPD to scale up the promotion work on waste recovery and enhance public awareness in waste recycling. The continued operation of the PRRC will also contribute to sustaining the momentum in promoting waste recovery at community level, including the provision of a downstream safety net for waste plastics coming out from the Source Separation Programme and the ECF Centres. In view of the important roles of the PRRC in promoting behavioral changes, fostering community participation in source separation and waste plastics recovery and in providing a secure outlet thus reducing the amount of plastic waste ending up in landfills, it is proposed to continue the operation of the PRRC after the expiry of the current contract on 2 March 2016, by a NGO through an open invitation exercise.

Project Duration

6. A number of major waste management policy initiatives are being or will soon be implemented to promote waste recovery and enhance the healthy development of the recycling industry, including the Clean Recycling Campaign, the proposed Municipal Solid Waste charging scheme and the Recycling Fund which was formally launched for application in October 2015. These initiatives will facilitate private recyclers to develop more interest and capacity to collect and process waste plastics in the years to come. While the continued operation of

the PRRC can contribute to gearing up and sustaining the momentum of government efforts to drive development of the market, there is also a need to review the operation of the PRRC when these policy initiatives take effect. Therefore, instead of a 3 years project period, it is proposed to reduce the project period down to 2 years. In line with the ECF funding guidelines, the ceiling of funding support for any project is \$10 million. While it is reasonable to expect the funding support requested for a two year project may be lower than that in the current exercise, the demand for funding support may not reduce proportionately given the current economic situation that the prices for recyclables drop significantly.

Target Throughput

7. Under the current contract, the operator is required to maintain an average throughput of 6.0 tonnes per day with a 75% waste recovery. Unlike commercial operators which could refuse to accept poor quality waste plastics, the PRRC operator must receive all types of waste plastics even if they are contaminated or mixed with residues. In order to provide the future PRRC operator greater flexibility in meeting market situations and different types of waste plastics, it was proposed to change the minimum percentage of recovery to 60% while the average daily throughput would be slightly increased.

8. The proposal was discussed at the 45th WRPVSC meeting held on 17 September 2015. While members generally supported the proposal, some members pointed out that the quantities of plastics recovered under the proposed new target throughput might in some situations be less than the current contract. To address this concern, EPD have reviewed the originally proposed target throughput requirements and further propose to set a minimum recovery amount of no less than 4.5 tonnes.

9. With the further enhancements above, the latest proposed project scope are now summarised below:

- a) Project duration: 2 years
- b) Average daily throughput: minimum 6.5 tonnes
- c) Recovery rate: minimum 60%;
- d) Average daily amount to be recovered: minimum 4.5 tonnes.

Next Step

10. Subject to the ECFC's comments and endorsement of EPD's proposed way forward above, EPD would seek assistance of the ECF Secretariat to invite NGOs to submit ECF WRP applications for funding support to manage and operate the PRRC after the current project expired on 2 March 2016. EPD will then assess the submissions received and put up recommendations to WRPVSC members for discussions at the WRPVSC meeting to be held on 27 January 2016 tentatively.

11. As there will not be any ECFC Meeting in February 2016, it is proposed that EPD's recommendation, if endorsed by the WRPVSC in January 2016, would be circulated to ECF Members for approval.

Advice Sought

12. Members are invited to consider the above and

- (a) To endorse the proposed way forward as per paragraphs 4 – 9 above which the WRPVSC has deliberated at its 45th meeting on 17 September 2015; and
- (b) To endorse the proposed arrangements in paragraphs 10 – 11 above in respect of seeking ECFC's approval of the final recommendations by circulation, after the support given by the WRPVSC at its forthcoming meeting in January 2016.

**Environmental Protection Department
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