

Environment and Conservation Fund

Trustee Report 2001-2002

For Presentation to the Legislative Council

on 30 October 2002

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Report by the Trustee on the Administration of the Environment and Conservation Fund

This report covers the financial year ending 31 March 2002.

Environment and Conservation Fund (ECF)

2. In the 1993 Policy Address to the Legislative Council, the then Governor proposed to set up the ECF for funding education and research projects in relation to environmental and conservation matters.

3. The Environment and Conservation Fund Ordinance (the Ordinance), which established the ECF, was enacted in June 1994. An initial capital injection of \$50 million was subsequently approved by the Finance Committee. The ECF came into operation in August 1994. In 1998, Finance Committee further approved \$50 million.

Trustee

4. Section 5 of the Ordinance provides for the Secretary for the Environment, Transport and Works (the Secretary for the Environment and Food prior to 1 July 2002) to act as the trustee of the ECF.

ECF Committee and vetting of applications

5. The ECF Committee, established in accordance with section 7 of the Ordinance, is to advise the trustee on the use of the ECF for the purposes of funding educational, research and other projects and activities in relation to environmental and conservation matters. The Committee consists of a chairman, not more than eight non-official members appointed by the Chief Executive for a term of two years and four ex-officio members. The membership list is on page 6.

6. The ECF Committee has established a vetting sub-committee to consider environmental research and other projects. The sub-committee comprises ECF Committee members and co-opted members from various sectors of the community. The membership list of the ECF Vetting Sub-committee is on page 7.

7. The ECF Committee has entrusted the vetting of educational projects to the Environmental Campaign Committee (ECC). The reason for this arrangement is that the

ECF Committee considers that ECC has developed the expertise and administrative framework for considering such projects. The membership list of the ECC is on page 8.

8. Both ECF Vetting Sub-committee and ECC can approve grants up to \$150,000 for a project. For applications exceeding this limit, the recommendations of the relevant vetting bodies have to be endorsed by the ECF Committee.

9. In February 2001, ECF Committee allocated \$5 million for ECC to fund pilot community waste recovery projects organized by District Councils, green groups, community organizations or voluntary agencies. The pilot projects aim to enhance local residents' environmental awareness and mobilize them to take part in waste reduction and recycling. Nine pilot projects have been approved.

10. The Environment, Transport and Works Bureau (ETWB) (the then Environment and Food Bureau prior to 1 July 2002) provides secretariat service to the ECF Committee and ECF Vetting Sub-committee, whereas the Environmental Protection Department (EPD) provides the secretariat service to the ECC.

11. Applications can be submitted any time using the prescribed application forms, which are available in all district offices, the ETWB, the EPD, the Agriculture, Fisheries and Conservation Department, the Wheelock and Company Limited and Environmental Resource Centres. Vetting is usually done every two months at the Sub-committee and ECC level. The ECF Committee normally meets half yearly to consider the recommendations of the Sub-committee and ECC, although it will meet more frequently if necessary.

Criteria for vetting applications

12. Applications from non-profit making organisations and community groups will be considered for funding support. Local incorporated companies may apply funding for technology demonstration projects. The following broad criteria are used in assessing the merits of individual applications:

- (1) Projects selected for funding support will be expected to contribute to the overall environment of Hong Kong, to raise environmental awareness of the local community, or to mobilise the community to take action to improve the environment.
- (2) The benefits must accrue to the local community as a whole, and not just an

individual, a single private organisation or a consortium of private companies.

- (3) Projects should be non-profit making in nature. Income derived from a project should be used to further the project's aims.
- (4) In considering a project proposal, due consideration will be given to:-
 - (a) the benefits that it will bring to Hong Kong's environment, ecology, flora and fauna etc., or the extent to which it will enhance the environmental awareness of local community;
 - (b) whether there is a demonstrable need for the proposed project;
 - (c) the technical and project management capability of the applicant;
 - (d) whether the proposed project's schedule of implementation is well-planned and the duration is reasonable;
 - (e) whether the proposed budget is reasonable and realistic;
 - (f) whether the proposed project has alternative sources of funding support;
 - (g) whether the proposed project should more appropriately be funded by other sources;
 - (h) whether there is or likely to be a duplication of the work already or currently carried out by other groups; and
 - (i) if recurrent expenditure is incurred, whether the proposed project has potential to become self-sufficient after a certain period of time.

13. An ECF Homepage has been set up on the Internet to allow applicants to download application forms and other information, e.g. a list of projects approved under ECF.

Approved applications

14. From 1 April 2001 to 31 March 2002, a total of 214 applications for funding support were considered. Their vetting results are as follows:

(a) applications approved	114
(b) applications approved in principle	3
(c) applications being processed	47
(d) applications rejected	38
(e) applications withdrawn by applicants	12

Total : 214

15. All approved projects were funded by the ECF with a total committed grant of about \$28.51 million.

16. A list of the approved projects is on pages 9 to 20.

Accounts

17. The balance sheet, the income and expenditure accounts and the auditor's report for the period between 1 April 2001 and 31 March 2002 are on pages 21 to 25.



(Dr. Sarah LIAO)

Secretary for the Environment, Transport and Works
Trustee of the Environment and Conservation Fund

22 October 2002

Environment and Conservation Fund Committee

Membership List

(1 April 2001 - 31 March 2002)

Mr. Peter WOO Kwong-ching, GBS, JP (Chairman)

Ms Linden Jane BIRCH

Professor CHAN Chi-ming

Mr. Paul FAN Chor-ho, JP

Mr. Edwin LAU Chi-kit

Dr. Eric TSANG Po-keung

Dr. John TSE Wing-ling

Dr. TSO WONG Man-yin

Mr. Ronnie WONG Man-chiu, JP

Secretary for the Environment, Transport and Works, or her representative

Director of Agriculture, Fisheries and Conservation, or his representative

Director of Education, or his representative

Director of Environmental Protection, or his representative

**Environment and Conservation Fund Committee
Vetting Sub-committee**

Membership List

(1 April 2001 - 31 March 2002)

Mr. Paul FAN Chor-ho, JP (Convenor)

Ms Linden Jane BIRCH

Professor CHAN Chi-ming

Ms Yvette CHAN Yuk-lin

Dr. CHIU Sein-tuck

Mr. Kenneth KAN Cho-yau

Mr. Edwin LAU Chi-kit (up to 31 January 2002)

Mr. LIN Chaan-ming

Professor Brian Sydney MORTON, JP

Professor Nora TAM Fung-yee

Dr. Eric TSANG Po-keung

Dr. Jonathan WONG Woon-chung

Representative from Environment, Transport and Works Bureau

Representative from Agriculture, Fisheries and Conservation Department

Representative from Environmental Protection Department

Environmental Campaign Committee

Membership List

(1 April 2001 - 31 March 2002)

Mr. Ronnie WONG Man-chiu, JP (Chairman)
Mr. Stephen CHAN Chit-kwai, JP
Mrs. Pamela CHAN Wong-shui, BBS, JP
Dr. Simon CHAU Sui-cheong
Mr. John FAN Kam-ping, BBS, JP
Professor FONG Wang-fun
Ms Maggie KOONG May-kay
Mr. Edwin LAU Che-feng
Ms Goretti LAU Wai-kuen
Ms Elizabeth LAW Kwan-mei
Mr. Joseph LEE Chung-tak, BBS
Mr. Stanley LEE Yat-on
Mr. Thomas PANG Cheung-wai
Mr. Edward STOKES
Mr. TAM Kwok-kiu, MH
Mr. Raymond TSE Chee-on
Mr. Nigel WATT, JP
Mr. Henry WU King-cheong, BBS, JP
Professor Shane ZEE Sze-yong
Secretary for the Environment, Transport and Works, or her representative
Secretary for Home Affairs, or his representative
Director of Education, or his representative
Director of Environmental Protection, or his representative
Director of Health, or her representative
Director of Information Services, or her representative

**Projects Approved under
the Environment and Conservation Fund
(1 April 2001 to 31 March 2002)**

Research and Technology Demonstration Projects

	Applicant	Project Title	Approved Amount
1.	Hong Kong Productivity Council	Use of On-site Shredders for Volume Reduction of Plastic Bottles to make their Recycling Cost-effective	\$140,000.00
2.	Hong Kong University of Science and Technology	Qualitative and Quantitative Analysis of the Air Pollutants Emitted from Commercial Kitchens	\$699,060.00
3.	City University of Hong Kong	A Web-based Marine Fauna Resource Centre for Conservation and Environment Management	\$360,196.00
4.	City University of Hong Kong	Design of Balcony for Mitigating Traffic Noise and Improving Ventilation	\$149,500.00
5.	The Hong Kong Polytechnic University	Trial Production and Performance Monitoring of Paving Blocks Made with Recycled Construction and Demolition Materials	\$150,000.00
Subtotal (I) :			\$1,498,756.00

Environmental Education and Community Action Projects

	Applicant	Project Title	Approved Amount
6.	Stewards Pooi Tun Secondary School	Promotion of Environmental Education in Secondary and Primary Schools of Wong Tai Sin	\$23,600.00
7.	Cumberland Presbyterian Church Yao Dao Primary School	Eco-garden	\$3,500.00
8.	Baptist Wing Lung Secondary School	Life-wide Environment Learning	\$38,500.00
9.	34th Joint School Science Exhibition Preparation Committee	34th Joint School Science Exhibition	\$40,000.00
10.	Baptist Wing Lung Secondary School	Perspective Native Education on Bird Watching	\$21,540.00
11.	Lok Wah Catholic Primary School	Exploratory for Education in Ocean Park - the dolphins and the sea lions	\$2,760.00
12.	Tuen Mun Catholic Secondary School	Green School Scheme	\$25,000.00
13.	Concordia Lutheran School	Green School Campaign 2001-02	\$11,866.00
14.	Saviour Lutheran School	The Green Action	\$6,920.00
15.	G.C.E.P.S.A. Tseung Kwan O Primary School	How Green is My School	\$8,650.00
16.	Yuen Long Public Middle School Alumni Association Primary School A.M.	Organic Campus Scheme 2001-02	\$3,280.00
17.	Shau Kei Wan Government Secondary School	Implement Environmental Education in Science Education	\$3,760.00
18.	Ma Kam Ming Charitable Foundation Ma Chan Duen Hey Memorial College	Environmental Protection Carnival	\$18,030.00
19.	P.O.H. 80th Anniversary Tang Ying Hei College	Cross Curricular Project on Environmental Issues	\$3,638.00

	Applicant	Project Title	Approved Amount
20.	Po Leung Kuk 1983 Board of Directors' College	Exploring the Beauty of Our Countryside	\$2,996.00
21.	Tai Po Sam Yuk Secondary School	Healthy Life, Happy Life	\$8,350.00
22.	Baptist Wing Lung Secondary School	The Third Germination of Environmental Protection Seeds in Tuen Mun	\$25,370.00
23.	Kowloon Sam Yuk Secondary School	Green Classroom	\$11,100.00
24.	Kau Yan College Civic Education Committee	Environmental Conservation in Action – The Establishment of Green Volunteer Team in Kau Yan College	\$10,350.00
25.	Christian Alliance S W Chan Memorial College	Join us to build a Green School	\$11,390.00
26.	Pok Oi Hospital Chan Kai Memorial College	Green, green, green forever	\$12,240.00
27.	Po Leung Kuk Yao Ling Sun College	A Green Community starts from us	\$4,900.00
28.	S.T.F.A. Wu Siu Kui Memorial Primary School P.M.	The Green and Clean Picnic	\$2,000.00
29.	Stewards Pooi Tun Secondary School	Promotion of Environmental Education in Secondary and Primary School of Wong Tai Sin-Sustainable Development in Southern East Kowloon	\$31,770.00
30.	Po Leung Kuk Tang Yuk Tien College	Environmental Protection Scheme – Green Heart	\$10,260.00
31.	Lok Wah Catholic Primary School	Visit Organic Farm – An Educational Activity	\$4,200.00
32.	Hong Kong Teachers' Association Lee Hen Kwei Secondary School	Exploring Marine Biodiversity	\$5,900.00

	Applicant	Project Title	Approved Amount
33.	The Hong Kong Chinese Women's Club Fung Yiu King Memorial Secondary School	Hand-in-Hand to Protect the Environment	\$14,800.00
34.	Textile Institute American Chamber of Commerce Woo Hon Fai Secondary School	Environmental Trip 2002	\$9,100.00
35.	Buddhist To Chi Fat She Yeung Yat Lam Memorial School	"Healthy and Green, We Can Do It" Exhibition cum Carnival	\$13,310.00
36.	S.K.H. Li Fook Hing Secondary School	A Learning Tour of Environmental Conservation at Ocean Park 2002	\$3,352.00
37.	Produce Green Foundation	Green Consumerism Education Project - Phase I of the "Green Community Pilot Scheme"	\$83,700.00
38.	Friends of the Earth (Charity) Limited	Save the Earth Environmental Exhibition	\$39,733.00
39.	Hong Kong Marine Conservation Society	Oceans for our Children 2001	\$107,650.00
40.	World Wide Fund for Nature Hong Kong	Wetland Conservation in Action Phase III - Production of Supporting Materials for Multiplier Training to Integrate Ramsar Conservation into the Secondary School Curriculum	\$144,300.00
41.	Hong Kong Environment Action Team	Reinterpretation	\$22,624.00
42.	The Conservancy Association	Environmental Education Facilitation	\$32,500.00
43.	Green Power	Singing Green 2001	\$137,820.00
44.	Green Power	A Green Guide of Hong Kong Trail	\$149,880.00
45.	Green Power	Drawing and Slogan Competition on Sustainable Development	\$87,630.00
46.	The Executive Committee of Hong Kong Tree Planting Day	Hong Kong Tree Planting Day	\$146,500.00

	Applicant	Project Title	Approved Amount
47.	The Hong Kong Meteorological Society	Hong Kong Secondary Schools Acid Rain Survey	\$30,000.00
48.	Hong Kong Ecotourism Association	Ecotourism and Environmental Education Promotion and Subvention Scheme	\$25,100.00
49.	Hong Kong Youth Power Association	Greening Countryside Campaign 2002	\$19,050.00
50.	Lok Kwan Services Group	ABC Series of Environmental Protection	\$34,930.00
51.	Lions Education Foundation	International Youth Environmental Camps 2002 in China	\$143,580.00
52.	13 Women Associations in the Southern District	Waste Reduction Campaign in Southern District	\$68,330.00
53.	Hong Kong Apleichau Women's Association	Year End Waste Reduction Action	\$3,860.00
54.	Yan Oi Tong Tuen Tsz Wai San Hing Tsuen Tsing Chuen Wai Rural Community Service Centre	School of Zoology Action	\$4,360.00
55.	The Neighbourhood and Workers' Education Centre	The Earth Rescue Team	\$42,910.00
56.	Hong Kong Federation of Women	Building Up the Green Environment for Tree Planting for Thousand Years (2002)	\$38,500.00
57.	Rotary Club of Tolo Harbour	The 12th Rotary Drama Competition	\$45,710.00
58.	Rotary Club of Shatin Community Services Fund Limited	Environmental Games Competition: An application of IT in Environmental Education, and ITNE 2002 Project Series	\$17,800.00
59.	Environmental Education Group of the Council of YMCAs of Hong Kong	Nature Exploration Camp – The Resource Handbook Series	\$19,230.00

	Applicant	Project Title	Approved Amount
60.	The Pentecostal Holiness Church Hong Kong Conference Gilead Social Service Centre	Pioneer for Environmental Protection Public Education Project	\$4,979.00
61.	British Council	INTEGER Hong Kong	\$141,800.00
62.	Christian Family Service Centre Lai Chi Single Parent Centre	Environmental Protection – New Generation	\$24,500.00
63.	Haven of Hope Christian Service Bradbury King Lam Community Health Development Centre	To Use Less Plastic Bags Campaign Starts With Me	\$33,776.10
64.	C & MA Lei Fook Church Social Centre for the Elderly	Environmental Education Group for the Elderly	\$17,612.00
65.	The Boys' Brigade	New Kids on the Earth	\$38,360.00
66.	Leo Club of Kowloon	Environmental Protection Pioneer	\$24,350.00
67.	The Hong Kong Council of Social Service	Project on Green Summer for Youth - A Young Green Video Production	\$65,660.00
68.	Leo District 303 Hong Kong and Macau	Understanding Waste Separation and Recycling in Housing Estate	\$90,500.00
69.	Hong Kong Youth Power Association	Tree Conservation Project	\$5,560.00
70.	Aberdeen Kai-fong Welfare Association Social Service Centre - Fong Shu Chuen Children & Youth Centre	Stride to a Simple Life Century Project for Environmental Protection	\$8,500.00
71.	The Salvation Army Chuk Yuen Children and Youth Centre	Environmental Protection Space Time Plaza	\$38,946.00
72.	The Boys' & Girls' Clubs Association of Hong Kong	The Boys' & Girls' Clubs Association of Hong Kong Youth Environmental Protection Project	\$39,180.00
73.	Riviera Garden Lutheran Children and Youth Centre	Green Generation Environmental Protection Educational Project	\$44,760.00

	Applicant	Project Title	Approved Amount
74.	Hong Kong Youth Power Association	Green Citizen One Day Camp	\$6,176.00
75.	Caritas Children and Youth Centre - Lei Muk Shue	We are the World	\$31,380.00
76.	C & MA Cheung Hang Social Centre for the Elderly	Back to the Nature	\$37,452.00
77.	Hong Kong Apleichau Women Association	A Healthy Carnival - Air Pollution	\$30,440.00
78.	F.T.U. New Territories West District Service Office	Green City Photo Competition cum Green City Carnival	\$49,300.00
79.	Baptist Church Lai Yiu Social Centre For the Elderly	Environmental Protection makes better life- Elderly Camp	\$8,120.00
80.	Scout Association of Hong Kong - Tsuen Wan District	"Environmental Protection 2001" Environmental Protection Youth Interflow Camp	\$51,802.00
81.	The Chinese YMCA of Hong Kong Bridges Street Children and Youth Centre	Green Show	\$28,500.00
82.	Tai Po Baptist Church Au Cheung Sau Fong Social Centre for the Elderly	Ambassadors for the Environment	\$12,320.00
83.	Methodist Epworth Village Community Centre - Epworth Integrated Youth Team	"Ever Green Earth" Environmental Protection Scheme	\$24,070.00
84.	Chung Sing Benevolent Society Mrs Aw Boon Haw Social Centre For The Elderly	Enjoy Living in Green Environment	\$25,840.00
85.	Hans Andersen Club Limited	Green Zone	\$23,510.00
86.	Hong Kong Young Women's Christian Association Tin Shui Wai Social Service Centre	"Green Generation" in action	\$15,220.00

	Applicant	Project Title	Approved Amount
87.	Hong Kong Young Women's Christian Association Tin Shui Wai Social Service Centre	Adventure Heart, Nature Conservation Project	\$15,752.00
88.	Environmental Education Group of the Council of YMCAs of Hong Kong	Green Exploration Camp 2001	\$5,000.00
89.	Hong Kong Lutheran Social Service	Neo-conservation in 2001	\$70,432.00
90.	The Pentecostal Holiness Church Hong Kong Conference Gilead Social Service Centre	Green Life have Fun Environmental Protection Public Education Project	\$4,623.50
91.	Chinese YMCA of Hong Kong Lam Tin Centre	"Green Leap" Environmental Experience Series	\$26,320.00
92.	S.K.H. Lady MacLehose Centre - Family Activity & Resource Centre	Save the Earth Starts from Family	\$52,070.00
93.	Yuen Long Town Hall	I Love This Beautiful World under the Sunny Sky	\$31,800.00
Subtotal (II) :			\$2,966,739.60

Community Waste Recovery Projects

	Applicant	Project Title	Approved Amount
94.	Hong Kong Women Workers' Association	Green Collar Community Recycling Scheme	\$444,316.00
95.	Industrial Relation Institute	Green Collar Community Recycling Scheme	\$481,816.00
96.	Sham Shui Po Community Association	Green Collar Community Recycling Scheme	\$531,816.00
97.	New Territories Association of Societies	Village Pilot Waste Separation and Recycling Programme	\$1,077,556.00
98.	Green Power	Trial Scheme – Recycling Exchange Square	\$472,420.00
99.	Mongkok Kai-fong Association Ltd Chan Hing Social Service Centre	Green Action Campaign	\$438,850.00
100.	Hong Chi Shui Choi Centre	Plastic Bottle Recycling Rally	\$103,000.00
101.	Hong Kong Eastern District Environmental Advancement Association	Waste Recycling Campaign	\$455,600.00
102.	- Hong Kong People Council on Housing Policy Limited - Department of Biology, Hong Kong Baptist University - Produce Green Foundation	Municipal Solid Waste Separation Programme in Housing Estates – Phase V of the “Green Community Pilot Scheme”	\$577,920.00
Hiring of a project coordinator to assist the applicants in organizing the pilot projects; expenses for organizing promotional activities, workshops and seminars for residents and waste collectors participating in the projects			\$408,696.00
Subtotal (III) :			\$4,991,990.00

Large-scale Environmental Education and Awareness Projects Coordinated by the Environmental Campaign Committee

	Project Title	Participating bodies	Approved Amount
103.	Schools Environmental Award Scheme cum Student Environmental Protection Ambassador Scheme	• Community organizations • Green groups • Schools • Tertiary Institutes • Education Department • Environmental Protection Department	\$4,002,500.00
104.	World Environment Day 2001	• Community organizations • District Councils • Green groups • Environmental Protection Department	\$1,065,350.00
105.	Environmental Protection Festival 2001	• Community organizations • Green groups • Environmental Protection Department	\$1,395,960.00
106.	Production of ECCO Monthly Bulletin 2001/2002	Distribution to schools, green groups, community organizations and the public through District Offices, Estate Management Offices and the Environmental Resource Centres	\$935,220.00
107	Best ECF Awards for Environmental Education and Community Action Project	-	\$12,336.00
108.	Tree Planting Day 2002 Activities	Hong Kong Tree Planting Day Organizing Committee, comprising representatives from District Councils, Green groups, Heung Yee Kuk and Government	\$200,000.00

		Departments	
109.	Waste Recycling Campaign in Housing Estates (Phase V)	• Community organizations • Green groups • Hong Kong Council of Social Services • Hong Kong Housing Authority • Hong Kong Housing Society • Mutual Aid Committees • Owners Incorporations • Property management companies • Environmental Protection Department • Social Welfare Department	\$5,795,970.00
110.	Environmental Protection Ambassador Schemes for Scouts, Guider/Girl Guides, Leo, Junior and Senior Police Call, Golden-Z, Z Club Members, Boys' Brigade and Property Management Companies	• Community organizations • Property management companies • Schools • Environmental Protection Department	\$1,209,311.00
111.	Hong Kong Eco-Business Awards 2001	• Business associations • Consumer Council • Hong Kong Association of Property Management Companies • Hong Kong Council of Social Services • Hong Kong Productivity Council • Hong Kong Housing Authority • Hong Kong Housing Society	\$1,743,990.00
112.	Hong Kong Green School Award 2001/2002	• Hong Kong Institute of Education • Hong Kong Productivity Council • Schools • Education Department	\$587,300.00

113.	Waste Recycling Scheme in Tertiary and Vocational Institutes (Phase III)	• Green groups • Tertiary and vocational institutes • Environmental Protection Department	\$702,480.00
114.	Environmental Activities jointly organized with District Councils	• District Councils • Community organizations	\$1,397,960.00
Subtotal (IV) :			\$19,048,377.00
Total (I)+(II)+(III)+(IV) :			\$28,505,862.60

REPORT OF THE DIRECTOR OF AUDIT TO THE LEGISLATIVE COUNCIL

I have audited the attached financial statements which have been prepared under the accounting policies set out in note 2 to the accounts.

Respective responsibilities of the Secretary for the Environment, Transport and Works and the Director of Audit

Under the provisions of section 8(1) of the Environment and Conservation Fund Ordinance (Cap. 450), the Secretary for the Environment, Transport and Works (the Secretary for the Environment and Food prior to 1 July 2002) is responsible for the preparation of financial statements. In preparing the financial statements, the Secretary for the Environment, Transport and Works has to select appropriate accounting policies and to apply them consistently.

It is my responsibility to form an independent opinion, based on my audit, on those statements and to report my opinion to you.

Basis of opinion

I certify that I have audited the financial statements referred to above in accordance with the provisions of section 8(2) of the Environment and Conservation Fund Ordinance and the Audit Commission auditing standards. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Secretary for the Environment, Transport and Works in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Environment and Conservation Fund, consistently applied and adequately disclosed.

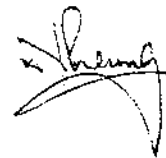
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I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements. I believe that my audit provides a reasonable basis for my opinion.

Opinion

In my opinion the financial statements give a true and fair view of the state of affairs of the Environment and Conservation Fund as at 31 March 2002 and of its deficit for the year then ended and have been properly prepared in accordance with the provisions of section 8(1) of the Environment and Conservation Fund Ordinance.

Audit Commission
Hong Kong
31 July 2002



(LEUNG Kui-yuen, Patrick)
Assistant Director of Audit
for Director of Audit

Environment and Conservation Fund
Balance Sheet as at 31 March 2002

	2002	2001
	\$	\$
Assets		
Bank deposits	16,102,962	40,556,950
Interest receivable	15,034	87,957
Cash at bank	25,541	3,912
	<u>16,143,537</u>	<u>40,648,819</u>
Representing:		
Accumulated fund		
Balance at 1 April	40,648,819	48,347,711
Deficit for the year	(24,505,282)	(7,698,892)
Balance at 31 March	<u>16,143,537</u>	<u>40,648,819</u>

The annexed notes 1 to 4 form part of these accounts.



(YAM KWAN Pui-ying, Lily)
Secretary for the Environment and Food
Trustee of the Environment and Conservation Fund

Environment and Food Bureau
Government Secretariat
Hong Kong
25 June 2002

Environment and Conservation Fund
Income and Expenditure Account for the year ended 31 March 2002

	Note	2002 \$	2001 \$
Income			
Interest		933,399	2,674,853
Refund of grant		51,332	4,400
Refund of bank charges		30	-
		<u>984,761</u>	<u>2,679,253</u>
Expenditure			
Grants to Environmental Campaign Committee	3	22,970,000	6,100,000
Grants for environmental research and other projects		2,520,043	4,278,115
Bank charges		-	30
		<u>25,490,043</u>	<u>10,378,145</u>
Deficit for the year		<u>(24,505,282)</u>	<u>(7,698,892)</u>

There were no recognised gains or losses other than the deficit for the year.

The annexed notes 1 to 4 form part of these accounts.

Environment and Conservation Fund
Notes to the Accounts

1. General

The Environment and Conservation Fund accounts are prepared in accordance with section 8(1) of the Environment and Conservation Fund Ordinance (Cap. 450). The Fund was established for the purposes of funding educational, research and other projects and activities in relation to environmental and conservation matters in accordance with section 4 of the Environment and Conservation Fund Ordinance.

2. Accounting policies

(a) Basis for preparation of accounts

The accounts are prepared on an accrual basis.

(b) Revenue recognition

- (i) Contribution from the Government of the Hong Kong Special Administrative Region is recognised on actual receipt.
- (ii) Interest income from bank deposits is recognised on a time apportioned basis based on the principal amounts outstanding at the applicable interest rates.

3. Grants

Grants to the Environmental Campaign Committee for funding its core activities and projects undertaken by other non-profit making organisations are treated as payments in the Environment and Conservation Fund accounts. As at the balance sheet date, the unspent balances held by the Environmental Campaign Committee are as follows:

	2002 \$	2001 \$
Balance at 1 April	235,240	9,762,505
Add: Grants received during the year	22,970,000	6,100,000
Interest received during the year	5,498	197,573
Sponsorships	384,800	856,350
	<u>23,360,298</u>	<u>7,153,923</u>
	23,595,538	16,916,428
Less: Payments during the year	<u>22,387,205</u>	<u>16,681,188</u>
Balance at 31 March	<u>1,208,333</u>	<u>235,240</u>

4. Contingent liabilities

As at 31 March 2002, there were contingent liabilities totalling \$4,042,591 (2001: \$16,479,484) being the outstanding balances of approved grants payable to organisations subject to satisfactory progress or completion of the relevant projects.