

Environment and Conservation Fund

Trustee Report 2003-2004

For Presentation to the Legislative Council

on 13 October 2004

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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 2004.

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 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 then approved by the Finance Committee. The ECF came into operation in August 1994. In 1998 and 2002, the Finance Committee further approved \$50 million and \$100 million respectively.

Trustee

4. Section 5 of the Ordinance provides for the Secretary for the Environment, Transport and Works 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 Research Projects Vetting Sub-committee to consider research and technology demonstration projects. The Sub-committee comprises ECF Committee members and co-opted members. The membership list of the Research Projects 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 the ECC has developed the expertise for considering such projects. The membership list of the ECC is on page 8.

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

9. Another Waste Recovery Projects Vetting Sub-committee has been set up in 2002 to vet community waste recovery project proposals that cost \$500,000 or less. Projects costing over \$500,000 will have to be approved by ECF Committee. The membership list of the Waste Recovery Projects Vetting Sub-committee is on page 9.

10. The Environment, Transport and Works Bureau (ETWB) provides secretariat service to the ECF Committee and Research Projects Vetting Sub-committee, whereas the Environmental Protection Department (EPD) provides the secretariat service to the ECC and Waste Recovery Projects Vetting Sub-committee.

11. Applications can be submitted any time using the prescribed application forms, which are available in all district offices, the ETWB, the EPD and its Environmental Resource Centres, the Agriculture, Fisheries and Conservation Department and the Wheelock and Company Limited. The Research Projects Vetting Sub-committee usually meets once every two months to vet applications, whereas the ECC and the Waste Recovery Projects Vetting Sub-committee meets quarterly. The ECF Committee normally meets quarterly to consider the recommendations of the Sub-committees and ECC.

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 must contribute to the overall environment of Hong Kong, to raise environmental awareness of the local community, or mobilise the community to take action to improve the environment. For community waste recovery projects, they must contribute to promoting waste prevention and recovery in Hong Kong, raise awareness of the local community, or mobilise the community to take action in waste reduction, separation and recovery.

- (2) The benefits must accrue to the community, and not just to individuals, a single private organisation or a consortium of private companies.
- (3) Projects must 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. For community waste recovery projects, due consideration will be given to the benefits that it will bring to the efforts in promoting waste reduction, separation and recovery in local communities, or the extent to which it will enhance the awareness and mobilise the public to participate in waste separation and recovery;
 - (b) whether there is a demonstrable need for the proposed project;
 - (c) the technical and project management capability of the applicant, as well as the past performance of the applicant, including the effectiveness of past projects, and the applicant's ability to comply with the funding conditions;
 - (d) whether the proposed project's schedule of implementation is well-planned and practicable, and the duration is reasonable;
 - (e) whether the proposed budget is prudent, realistic and cost-effective, with full justification for every expenditure item;
 - (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. Applicants may download application forms and other information, e.g. a list of projects approved under ECF, from the ECF and ECC homepage on the Internet.

Approved applications

14. From 1 April 2003 to 31 March 2004, a total of 201 applications for funding support were considered. Their vetting results are as follows:

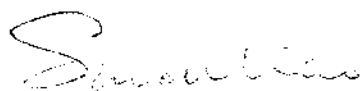
(a) applications approved	94
(b) applications being processed	44
(c) applications rejected	49
(d) applications withdrawn by applicants	14
Total :	201

15. Of the 94 approved applications, 91 were funded by the ECF with a total funding committed grant of about \$1.94 million, whereas 3 were jointly funded by the ECF and the Woo Wheelock Green Fund with a grant of about \$0.68 million.

16. A list of the approved projects is on pages 10 to 20.

Accounts

17. The auditor's report, the balance sheet, the income and expenditure account and the statement of changes in equity for the period between 1 April 2003 and 31 March 2004 are on pages 21 to 26.



(Dr Sarah Liao Sau-tung, JP)

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

8 October 2004

Environment and Conservation Fund Committee

Membership List

(1 April 2003 - 31 March 2004)

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

Professor CHAN Chi-ming

Ms CHOY So-yuk

Mr. Paul FAN Chor-ho, JP

Mr. Edwin LAU Chi-kit

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

Permanent Secretary for Education and Manpower, or his representative

Director of Agriculture, Fisheries and Conservation, or his representative

Director of Environmental Protection, or his representative

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

Membership List

(1 April 2003 - 31 March 2004)

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

Professor CHAN Chi-ming

Dr. CHAN King-ming

Ms Yvette CHAN Yuk-lin

Dr. CHIU Sein-tuck

Ms CHOY So-yuk

Mr. Kenneth KAN Cho-yau

Dr. John LEUNG Kon-chong

Mr. LIN Chaan-ming

Professor Brian Sydney MORTON, JP

Professor Nora TAM Fung-yee

Dr. Andrew THOMSON

Dr. Eric TSANG Po-keung

Dr. Jonathan WONG Woon-chung

Mr. Frankie YICK Chi-ming

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 2003 - 31 March 2004)

Mr. Joseph LEE Chung-tak, BBS, JP (Chairman) (Chairman since 1 January 2004)

Mr. Ronnie WONG Man-chiu, JP (Chairman) (up to 31 December 2003)

Mrs. NG Fong Siu-mei, BBS (Vice-chairman) (since 1 January 2004)

Mr. Stephen CHAN Chit-kwai, JP

Mr. Benny CHAN Sai-biu (since 1 January 2004)

Mr. CHAN Tak-chor, MH, (since 1 January 2004)

Ms CHAU Chuen-hueng, MH, JP (since 1 January 2004)

Mr. Daniel CHENG Man-chung (up to 31 December 2003)

Mr. John FAN Kam-ping, BBS, JP (up to 31 December 2003)

Ms Maggie KOONG May-kay

Ms Goretti LAU Wai-kuen

Dr. LAW Chi-kwong, JP (since 1 January 2004)

Ms Elizabeth LAW Kwan-mei

Mr. Thomas PANG Cheung-wai, JP (up to 31 December 2003)

Ms Winnie SEK Wai-yu, (up to June 2003)

Mr. Edward STOKES (up to 31 December 2003)

Mr. TAM Kwok-kiu, MH (up to 31 December 2003)

Mr. George TAM Siu-ping (since 1 January 2004)

Dr. Eric TSANG Po-keung

Mr. Henry WU King-cheong, BBS, JP (up to 31 December 2003)

Professor Shane ZEE Sze-yong, SBS

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

Secretary for Education and Manpower, or his representative

Secretary for Home Affairs, or his representative

Director of Environmental Protection, or his representative

Director of Health, or his representative

Director of Information Services, or her representative

**Environment and Conservation Fund Committee
Waste Recovery Projects Vetting Sub-committee**

Membership List

(1 April 2003 - 31 March 2004)

Mr. Ronnie WONG Man-chiu, JP (Chairman)
Ms CHOY So-yuk
Mr. Paul FAN Chor-ho, JP
Mr. John FAN Kam-ping, BBS, JP (up to 31 December 2003)
Dr. Alice KWAN Ka-lee
Dr. MAN Chi-sum
Mr. Thomas PANG Cheung-wai, JP
Dr. TSO WONG Man-yin
Mr. Henry WU King-cheong, BBS, JP (up to 31 December 2003)
Representative from Environment, Transport and Works Bureau
Representative from Environmental Protection Department

**Projects Approved under
the Environment and Conservation Fund
(1 April 2003 - 31 March 2004)**

Environmental Research and Technology Demonstration Projects

	Applicant	Project Title	Approved Amount
1.	City University of Hong Kong	The Ecology and Aspect of Biology of Amphioxus in Hong Kong	\$647,410.00
2.	Hong Kong University of Science and Technology	Oily Wastewater Treatment and Reuse System – a Demonstration Project	\$331,000.00
3.	Hong Kong University of Science and Technology	Development of a Rapid and Sensitive Bioassay of Heavy Metal Toxicity by Coupling a Transgenic Reporter Gene in a Mutant Nematode Strain	\$149,920.00
4.	Wildlife Conservation Foundation Limited	Diversity and Conservation of Bats in Hong Kong	\$786,000.00
5.	Tai Po Environmental Association Limited	Conservation of House Swifts (Apus Nipalensis) in Hong Kong: Preliminary Field Trial of Artificial Nest Box for Breeding House Swifts	\$143,440.00
6.	Hong Kong Birds Watching Society Limited	Pilot Project to Increase Awareness of the Ecological Importance of the Breeding Colonies of Terns in Hong Kong	\$125,700.00
7.	The Hong Kong Polytechnic University	Recycling of Construction and Demolition Materials for Civil Engineering and Building Applications in Hong Kong	\$1,112,511.00*
8.	The University of Hong Kong	Environmental Friendly Cold Water Thawing for Catering Industry	\$138,330.00*

	Applicant	Project Title	Approved Amount
9.	Friends of the Earth (HK) Charity Limited	A Way out Towards Sustainable Development in Hong Kong: Survey on the Attitude and Behaviour of Environmental Responsibility Consumption	\$111,800.00*
Subtotal (I) :			\$3,546,111.00

* Jointly funded by the Environment and Conservation Fund and Woo Wheelock Green Fund on a 50/50 basis.

Environmental Education and Community Action Projects

	Applicant	Project Title	Approved Amount
10.	The Church of Christ in China Tam Lee Lai Fun Memorial Secondary School	Beautiful moment to Treasure (Open style butterfly garden)	\$18,600. 00
11.	MKMCF Ma Chan Duen Hey Memorial College	Life-wide Learning - Trip to Hong Kong North West	\$9,845.00
12.	Pok Oi Hospital Chan Kai Memorial College	Education for Sustainable Development	\$10,800.00
13.	Wong Shiu Chi Secondary School	The Greenchord	\$6,960.00
14.	Tai Po Sam Yuk Secondary School	Healthy Life, Happy Life	\$8,660.00
15.	Baptist Wing Lung Secondary School	The 5 th Germination of Environmental Protection Seeds in Tuen Mun	\$11,200.00
16.	Ta Ku Ling Ling Ying Public School	Insect World	\$6,450.00
17.	Christian Alliance S W Chan Memorial College	Towards a Green School II	\$10,590.00
18.	St. Catherine's School For Girls, Kwun Tong	Green Forever	\$1,350.00
19.	Yan Chai Hospital No.2 Secondary School	Conservation of our community	\$4,800.00
20.	SPHRC Kung Yik She Secondary School	Love our ocean	\$6,235.00
21.	Victoria Nursery and Kindergarten Parent Teacher Association	We Love We Care ... Our Planet!	\$8,450.00
22.	Asbury Methodist Social Service	Asbury Green View Garden	\$10,875.00
23.	Hong Kong Youth Power Association	As the first step to the nature, to be friends with nature we will hold an ecological photo gallery and award ceremony	\$12,984.00

	Applicant	Project Title	Approved Amount
24.	Hong Kong Youth Power Association	Greening countryside campaign 2003	\$7,580.00
25.	Hong Kong Sheng Kung Hui Ma On Shan (North) C & Y Service Centre	My Beautiful World	\$10,715.90
26.	HOHCS Ming Tak Day Activity Center and Hostel	The Marine Biologist	\$8,428.00
27.	Chinese YMCA of Hong Kong Tsuen Wan Centre (Integrated Team)	Green Action	\$19,355.00
28.	Chinese YMCA of Hong Kong Shek Kip Mei Centre (Integrated Team)	Environmental Walk	\$11,440.00
29.	Chinese YMCA of Hong Kong Lam Tin Centre (Children & Youth Integrated Team)	Nature Footprint Green Leaders Training Scheme	\$9,420.00
30.	Chinese YMCA of Hong Kong Tuen Mun Centre	Tuen Mun Green Belt	\$4,468.00
31.	HKYWCA Butterfly Bay Integrated Social Services Centre	Green Action - Eco Protection Community Education Programme	\$19,634.00
32.	Federation of New Territories Youth	Let's share clean air together	\$29,063.00
33.	Shatin Youth Association	Green Generation	\$9,620.00
34.	China Polar Museum Foundation	CD-ROM of Arctic Natural Wildlife	\$32,000.00
35.	Hong Kong-Macao Conference of Seventh-Day Adventists Shan King Integrated Children & Youth Service Centre	The Green Eden	\$5,948.60
36.	Tsuen Wan Livelihood Association	Recycling Starts from Life	\$4,000.00
37.	Hong Kong Evangelical Church Tai Hing Bradbury	Keep the world clean	\$17,757.00

	Applicant	Project Title	Approved Amount
	Elderly Centre		
38.	The Boy's and Girl's Clubs Association of Hong Kong Jockey Club Sau Mau Ping Children and Youth Integrated Services Centre	Green Life Campaign	\$34,910.00
39.	The Boy's and Girl's Clubs Association of Hong Kong	Green-Life in Heart	\$30,514.00
40.	Greenwoods, HKUSU	Eco-tour of Tung Ping Chau	\$1,951.50
41.	Youth Kwun Tong	Drawing a new world, environmental protection bookmark design contest	\$29,300.00
42.	Tseung Kwan O Life Saving Sport Club	Environmental Ocean Site Workshop	\$5,400.00
43.	Baptist Oi Kwan Social Service (After School Care Service)	Angel Green Primary School Student Training Scheme	\$11,420.00
44.	Baptist Oi Kwan Social Service	Green Life for Elderly	\$4,437.00
45.	ABWE Shing Yan Christian Social Service Centre	Make a Clean and Green Town Together	\$11,989.00
46.	The Hong Kong Federation of Youth Groups Shaukiwan Youth S.P.O.T.	Green Generation	\$9,250.00
47.	The Hong Kong Federation of Youth Groups Jockey Club Tseung Kwan O Youth Centre S.P.O.T.	Loving Green from Heart	\$5,200.00
48.	Resolute Volunteer Society for Cultural and Recreational Activities	The Journey of Environmental Protection and Ecology	\$4,820.00
49.	Aberdeen Kai-fong Welfare Association Social Service Centre – Ap Lei Chau Neighbourhood Elderly Centre	Enjoy Your Environment	\$8,100.00

	Applicant	Project Title	Approved Amount
50.	Hans Andersen Club Outlying Social Service Team (Tai O Center)	Tai O Green Power	\$3,050.00
51.	The Society of Youth Enlightenment	The "Green" Manager and Leader Development Scheme	\$13,592.00
52.	Methodist Epworth Village Community Centre Social Welfare - Epworth Integrated Youth Team	Start From the Family Environmental Protection Scheme	\$8,400.00
53.	Incorporated Owners' of Hillview Court	Hillview Court Environmental Carnival 2003	\$2,500.00
54.	Caritas – Integrated Services for Young People – Tak Tin	"Pure Soul" – Environmental Protection Project	\$6,000.00
55.	The C & M Alliance Wah Kee Youth Centre	Creative Together	\$7,650.00
56.	The Incorporated Owners of Parc Oasis (Tower 1-20)	Parc Oasis Environmental Carnival	\$1,500.00
57.	Hong Kong Apleichau Women's Association	Pioneer of Environmental Protection	\$20,986.00
58.	Kwun Tong Resident Association	Environmental Protection Project in Kwun Tong	\$3,983.00
59.	The Salvation Army Chai Wan Integrated Service for Young People	Green New Century	\$4,159.00
60.	The Conservancy Association	WED 2003 - Health, Green and Save Our Earth	\$45,404.00
61.	The Conservancy Association	Tree for Life 2003	\$69,340.00
62.	The Conservancy Association	Eco-Tour Guide Training Programme at Long Valley Wetland	\$37,680.00
63.	Friends of the Earth (HK) Charity Limited	Feel the Power of Renewable Energy	\$33,040.00
64.	Friends of the Earth (HK) Charity Limited	Solar Cart Exhibition Tour at Campus	\$36,236.00

	Applicant	Project Title	Approved Amount
65.	Friends of the Earth (HK) Charity Limited	Green Energy Fun Zone	\$28,055.00
66.	Friends of the Earth (HK) Charity Limited	Seminar on Green Consumption and Sustainable Development	\$24,140.00
67.	Green Power	Get Touch with Natural for a Healthy Life	\$51,386.00
68.	Green Power	The 5th Singing Green	\$37,444.00
69.	World Wide Fund For Nature Hong Kong	Eco Walk at Luk Keng Wetlands	\$2,301.00
70.	Hong Kong Marine Conservation Society	Walking for a Green and Healthy Hong Kong	\$3,070.00
71.	Green Peng Chau Association	Peng Chau Eco Fun Tour	\$3,186.00
72.	Tai Po Environmental Association	Walking for a Green and Healthy Hong Kong - WED 2003	\$2,800.00
73.	Tai Po Environmental Association	Countryside Environmental Protection Ambassador Scheme	\$45,624.00
74.	Hong Kong Trees Conservation Association	Trees Conservation in School Education Program and Competition for Primary and Secondary Schools in Hong Kong	\$122,898.00
		Subtotal (II) :	\$1,088,944.00

Community Waste Recovery Projects

	Applicant	Project Title	Approved Amount
75.	The Sustainable Solutions Foundation Ltd	Ink Jet, Toner and Mobile Phone Battery Recycling Campaign	\$184,933.00
76.	Hong Kong Women Workers' Association	Wastes Reducing and Recycling Project	\$499,438.00
77.	Fei Tsui District Residents' Association	Chai Wan District Community Waste Recovery Project II	\$498,000.00
78.	Hong Kong Eastern District Environmental Advancement Association	Waste Recycling Campaign	\$425,100.00
79.	New Youth Cadet	Award Scheme: New Era of Environmental Protection II	\$260,371.40
80.	Islands Youth Association	The Waste Recycle Plan in Tai O II	\$263,765.30
81.	Green City	Recovering for Environmental Protection	\$201,976.00
82.	Democratic Alliance for Betterment of Hong Kong (Kowloon City Office)	Waste Recycling Scheme	\$238,106.70
83.	Tai Po Environmental Association	4Rs Environmental Shop in Tai Po	\$209,013.00
84.	Friends of the Earth (HK) Charity Limited	1:49 Packaging Expanded Polystyrene (EPS) Waste Recycling Competition	\$422,690.00
		Subtotal (III) :	\$3,203,393.40

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

	Project Title	Participating bodies	Approved Amount
85.	Schools Environmental Award Scheme cum Student Environmental Protection Ambassador Scheme 2003/04	• Green groups • Scout Association of Hong Kong • Hong Kong Girl Guides Association • Schools • Tertiary institutes • Hong Kong Institute of Education • Education and Manpower Bureau • Environmental Protection Department	\$2,097,002.00
86.	World Environment Day 2003	• Community organisations • Green groups • District Councils • Primary and secondary schools • Environmental Protection Department	\$749,773.50
87.	Environmental Protection Festival 2003	• Community organisations • Green groups • District Councils • Primary and secondary schools • Environmental Protection Department	\$313,900.00
88.	Production of ECCO Monthly Bulletin 2003/2004	Distribution to schools, green groups, community organisations, libraries, overseas organisations and the public through District Offices, Estate Management Offices and the Environmental Resource Centres	\$546,400.00

89.	Tree Planting Day 2004 Activities	Hong Kong Tree Planting Day Organizing Committee, comprising representatives from District Councils, green groups, Heung Yee Kuk and Government departments	\$100,000.00
90.	Waste Recycling Campaign in Housing Estates (Phase VII)	• Community organizations • Green groups • Hong Kong Council of Social Services • Mutual Aid Committees • Owners Incorporations • Property management companies • Hong Kong Housing Authority • Hong Kong Housing Society • Social Welfare Department • Environmental Protection Department	\$1,763,920.00
91.	Environmental Protection Ambassador Schemes for Scouts, Guider/Girl Guides, Leo, Junior & Senior Police Call, Rotary/Rotaract/Interact, Z, Z Club Members, Boys' Brigade and Property Management	• Community organisations • Property management companies • Schools • Environmental Protection Department	\$452,400.00
92.	Hong Kong Eco-Business Awards 2003	• Business associations • Business Environment Council • Hong Kong Productivity Council • Consumer Council • Hong Kong Association of Property Management Companies • Hong Kong Council of Social Service	\$961,400.00

		• Hong Kong Housing Authority • Hong Kong Housing Society	
93.	Hong Kong Green School Award 2003/2004	• Hong Kong Institute of Education • Hong Kong Productivity Council • Schools • Education and Manpower Bureau	\$321,700.00
94.	Environmental Activities jointly organized with District Councils 03/04	• Community organizations • District Councils • Environmental Protection Department	\$476,400.00
Subtotal (IV) :			\$7,782,895.50
Total (I)+(II)+(III)+(IV) :			\$15,621,343.90



Environment and Conservation Fund

REPORT OF THE DIRECTOR OF AUDIT TO THE LEGISLATIVE COUNCIL

I have audited the attached statement of the accounts which has been prepared in accordance with accounting principles generally accepted in Hong Kong.

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

Under section 8(1) of the Environment and Conservation Fund Ordinance (Cap. 450), the Secretary for the Environment, Transport and Works is responsible for the preparation of the statement of the accounts, which statement shall include an income and expenditure account and balance sheet and shall be signed by her. In preparing the statement of the accounts, 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 that statement of the accounts and to report my opinion to you.

Basis of opinion

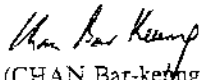
I certify that I have audited the statement of the accounts referred to above in accordance with section 8(2) of the Environment and Conservation Fund Ordinance and the Audit Commission auditing standards. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the statement of the accounts. 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 statement of the accounts, and of whether the accounting policies are appropriate to the circumstances of the Environment and Conservation Fund, consistently applied and adequately disclosed.

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 statement of the accounts is free from material misstatement. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the statement of the accounts. I believe that my audit provides a reasonable basis for my opinion.

Opinion

In my opinion the statement of the accounts gives a true and fair view of the state of affairs of the Environment and Conservation Fund as at 31 March 2004 and of the results of its operations for the year then ended and has been properly prepared in accordance with section 8(1) of the Environment and Conservation Fund Ordinance.

Audit Commission
Hong Kong
21 June 2004


(CHAN Bar-keung)
Assistant Director of Audit
for Director of Audit

Environment and Conservation Fund
Balance Sheet as at 31 March 2004

	2004 \$	2003 \$
Assets		
Interest receivable	14,685	243,729
Bank deposits	77,965,440	94,566,475
Cash at bank	100,504	68,731
	<u>78,080,629</u>	<u>94,878,935</u>
 Fund Balance	 <u>78,080,629</u>	 <u>94,878,935</u>

The accompanying notes 1 to 5 form part of these accounts.



(Dr Sarah LIAO Sau-tung, JP)
Secretary for the Environment, Transport and Works
Trustee of the Environment and Conservation Fund

21 June 2004

Environment and Conservation Fund
Income and Expenditure Account for the year ended 31 March 2004

	Note	2004 \$	2003 \$
Income			
Contribution from the Government of the Hong Kong Special Administrative Region		—	100,000,000
Interest		647,120	1,355,473
Refund of grants		281,501	55,902
		<u>928,621</u>	<u>101,411,375</u>
Expenditure			
Grants to Environmental Campaign Committee	3	14,680,000	20,172,000
Grants for environmental research and other projects		3,046,927	2,503,977
		<u>17,726,927</u>	<u>22,675,977</u>
(Deficit)/Surplus for the year		<u>(16,798,306)</u>	<u>78,735,398</u>

The accompanying notes 1 to 5 form part of these accounts.

Environment and Conservation Fund
Statement of Changes in Equity for the year ended 31 March 2004

	2004	2003
	\$	\$
Fund Balance:		
Balance at 1 April 2003	94,878,935	16,143,537
(Deficit)/Surplus for the year	(16,798,306)	78,735,398
Balance at 31 March 2004	<u>78,080,629</u>	<u>94,878,935</u>

The accompanying notes 1 to 5 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:

	2004 \$	2003 \$
Receipts during the year		
Grants	14,680,000	20,172,000
Interest	3,548	2,939
Sponsorships	280,000	285,000
	<u>14,963,548</u>	<u>20,459,939</u>
Less: Payments during the year	(17,861,435)	(18,664,210)
	<u>(2,897,887)</u>	<u>1,795,729</u>
Balance at 1 April 2003	3,004,062	1,208,333
Balance at 31 March 2004	<u>106,175</u>	<u>3,004,062</u>

4. Commitments

As at 31 March 2004, the commitments for approved grants payable to organisations subject to satisfactory progress or completion of the relevant projects were \$2,313,535 (2003: \$2,576,813).

5. Cost of Administration of the fund

The cost of administration of the Fund, other than the salaries and fees paid under section 6(3) of the Environment and Conservation Fund Ordinance, has been borne by the Government of the Hong Kong Special Administrative Region in accordance with section 9(1) of the Environment and Conservation Fund Ordinance.