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For information

Development of EcoPark

Purpose

This paper informs Members of the latest progress of the development of EcoPark in Area 38, Tuen Mun.

Background

2. Waste recovery for recycling is a key element in our waste management strategy. Although as much as 2.4 million tonnes of municipal solid waste (MSW) are recovered as recyclable materials annually in Hong Kong, over 90% of these materials are exported for recycling. The current over-dependence on export as an outlet for recovered materials makes our recycling industry insecure in the long run as the market demand for recyclable materials is highly volatile and the international trend is to increasingly restrict trans-boundary movement of waste, even recyclable waste. To address these problems and to realize the full potential of recycling, it is our aim to promote the local recycling industry so that recyclable materials can be turned into products that have higher economic values and more stable and reliable markets.

3. The provision of long-term affordable land provided with basic infrastructure has been identified as an important measure to promote the growth of the waste recycling and environmental industry in Hong Kong. In his 2005 Policy Address, the CE announced the target of commissioning the Recovery Park in late

2006. To better reflect the policy intention of the Recovery Park to facilitate and promote the environmental and recycling industry, we have renamed the Recovery Park as EcoPark. A location plan of EcoPark is attached in **Annex A**.

EcoPark

4. EcoPark will be developed solely for use by the environmental and recycling industry. Individual recycling companies can acquire land at affordable costs with tenures sufficiently long to justify their investments in value-adding and for higher-end operations. EcoPark will cater for the recycling industries processing recyclable materials including paper, plastics, metals, glass, textiles, rubber tyres, wood, organic food wastes, battery, electronic and electrical appliances, and other common recyclable materials collected in Hong Kong. In addition, EcoPark will also facilitate industries to develop environmental technologies, products and services that help achieve waste reduction and replacement of environmentally unfriendly products e.g. polystyrene foam boxes.

5. The successful development of EcoPark calls for careful planning both in terms of the types of infrastructure to be provided and how it should be managed. It requires integration of many disciplines including engineering, architecture, landscape design, environmental management, business management, property management, information systems design, etc.

Design and Construction

6. The basic physical infrastructure of EcoPark will be built and funded by Government. It will comprise an internal road network, drainage, sewers, telecommunication networks, power supplies, berthing facilities, a wastewater treatment plant, a waste collection and management facility, and car parking spaces. Central to these will be a multi-purpose administration building containing management offices, and common facilities including a visitor and education centre,

an information centre, training and conference rooms, and other supporting and ancillary facilities.

7. The infrastructure of EcoPark must be reliable, attractive, easy to maintain and economical to operate. More importantly, the infrastructure must be “green”. We will incorporate environmentally friendly design concepts into EcoPark. It will be designed to achieve water, energy and material conservation and pollution prevention. As EcoPark can be instrumental in promoting and championing use of recycled products, we will examine the feasibility of using recycled construction materials including materials such as recycled aggregates, recycled plastic and crumb rubber in EcoPark. In addition, EcoPark will make extensive use of landscaping to provide a pleasing environment for the business community. Where appropriate and practicable, walking trails, cycling tracks and sitting out areas will be provided.

8. Upon completion of the infrastructure, tenants will be allocated with empty serviced lots to allow them to build their own plant and facilities.

Operation and Management

9. While Government has decided to fund and build the basic infrastructure to provide incentives for the industries to set up their plants in EcoPark, the mode and arrangement for operation and management of EcoPark would require further consideration. We believe that EcoPark should be operated and managed based on prudent commercial principles. In this connection, public/private partnership (PPP) will have a role to play. The involvement of the private sector with good understanding of the needs of the industries, and extensive experiences of facility management and market knowledge as the manager (the Operator) will help attract and anchor local and overseas long-term tenants for EcoPark.

10. We have appointed a consultant to examine all the management aspects with a view to devising the most suitable management contract form for adoption.

11. As EcoPark is developed to promote environmental and recycling industries for valued-added processes, the management contract must be arranged in ways that best serve this purpose. We propose that the management framework will need to include effective mechanisms to address the following issues:

- to recruit re-processors, rather than collectors
- to attract value-added and technology based operations
- to use locally recovered materials whilst recognizing the need for imported materials in certain circumstances
- to ensure a right mix of tenants
- to give priority to environmental and recycling sectors that help contribute to Government's waste management targets
- to facilitate recycling of recovered materials that are otherwise not financially viable
- to provide flexibility in terms of land area sizes, lengths of tenancy, management fees and rental charges, to suit a wide range of companies that have different requirements
- to support small and medium enterprises (SMEs), which otherwise would have difficulties to flourish
- to maintain a level playing field

12. While there should be sufficient autonomy for EcoPark to make the best use of market forces and operate in a commercial manner, Government will exercise adequate control and safeguards in ensuring that EcoPark is used and managed for its intended purpose. Thus, suitable management control and audit procedures will need to be built into the management contract to ensure that EcoPark is managed in a fair and proper manner.

Progress

13. It is intended that EcoPark will be developed in two phases. Phase I occupies an area of about 8.4 hectares and will contain all the common facilities to enable it to function, but will also allow seamless expansion into Phase II. Detailed

design of the infrastructure has commenced and subject to confirmation of funds, construction for Phase I will commence in early 2006 with a view to making it ready for occupation in late 2006. Construction of Phase II occupying 11 hectares will commence in early 2009. The estimated capital cost of EcoPark is \$316 Million (MOD). As for the management contract, we aim at finalizing a management framework by September 2005 and to invite tenders for appointment of the Operator before mid 2006. This will allow the Operator sufficient lead-time to carry out the necessary marketing and preparation work before occupation of Phase I.

14. As EcoPark is a Designated Project under the Environmental Impact Assessment Ordinance, an Environmental Impact Assessment (EIA) has been conducted. The EIA concludes that there are no significant impacts on the environment and has recommended a list of mitigation measures. The EIA Subcommittee of the Advisory Council on the Environment was consulted on 23 May 2005. The Subcommittee agreed to recommend the EIA report to the Council for endorsement without condition. In addition, we are in the process of seeking zoning amendment to the Tuen Mun Outline Zoning Plan to expand the use of the site to cater for a wide range of environmental and recycling industries to be located in EcoPark. We aim to obtain approval from Town Planning Board later this year.

Environmental and Economic Benefits

15. The development of EcoPark will reduce many sources of pollution and waste, and will reduce the demand for natural resources. The synergy among the operations of the various tenants within EcoPark will result in waste reduction and enhanced recovery of materials for re-manufacture. More locally recovered waste would be turned into reprocessed materials or even recycled products, which would have higher economic values and more reliable markets. As a result, not only will the local economy be stimulated through job creation, but waste will be managed in a more sustainable way, and further conserving our landfill space.

16. EcoPark will provide new business opportunities to both the Operator and the industries. In addition to the administrative and engineering staff required by the Operator, tenants will require both skilled and semi-skilled workers in operating their machines and equipment, and non-skilled workers in undertaking manual tasks. EcoPark will also generate demand for supporting services such as logistics, catering and cleansing. It is estimated that EcoPark Phase I could create 750 direct employment during operation and would require 200 workers during construction.

Next Steps

17. Within the next few months, Government will continue with detailed design of the infrastructure in accordance with the requirements set out in paragraphs 6-7 and the management contract arrangements to address the issues described in paragraphs 11-12. We aim to seek funding approval from the Legislative Council upon completion of the design work in late 2005.

Advice Sought

18. Members are invited to note the progress of the project and support the broad principles proposed in the design of the infrastructure and the management framework.

Environmental Protection Department
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