

立法會
Legislative Council

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Finance Committee of the Legislative Council

Minutes of the 34th meeting
held at Conference Room 1 of the Legislative Council Complex
on Friday, 13 August 2021, from 3:00 pm to 3:51 pm

Members present:

Hon CHAN Kin-por, GBS, JP (Chairman)
Hon CHAN Chun-ying, JP (Deputy Chairman)
Hon Abraham SHEK Lai-him, GBS, JP
Hon Tommy CHEUNG Yu-yan, GBS, JP
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon WONG Ting-kwong, GBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon CHAN Hak-kan, SBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon Mrs Regina IP LAU Suk-ye, GBM, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Michael TIEN Puk-sun, BBS, JP
Hon Steven HO Chun-yin, BBS, JP
Hon YIU Si-wing, SBS
Hon MA Fung-kwok, GBS, JP
Hon CHAN Han-pan, BBS, JP
Hon Christopher CHEUNG Wah-fung, SBS, JP
Hon Elizabeth QUAT, BBS, JP
Hon Martin LIAO Cheung-kong, GBS, JP
Hon POON Siu-ping, BBS, MH
Dr Hon CHIANG Lai-wan, SBS, JP
Ir Dr Hon LO Wai-kwok, GBS, MH, JP
Hon CHUNG Kwok-pan
Hon Jimmy NG Wing-ka, BBS, JP

Dr Hon Junius HO Kwan-yiu, JP
Hon Holden CHOW Ho-ding
Hon SHIU Ka-fai, JP
Hon Wilson OR Chong-shing, MH
Hon YUNG Hoi-yan, JP
Dr Hon Pierre CHAN
Hon CHEUNG Kwok-kwan, JP
Hon LUK Chung-hung, JP
Hon LAU Kwok-fan, MH, JP
Hon Kenneth LAU Ip-keung, BBS, MH, JP
Dr Hon CHENG Chung-tai
Hon Vincent CHENG Wing-shun, MH, JP
Hon Tony TSE Wai-chuen, BBS, JP

Members absent:

Hon WONG Kwok-kin, GBS, JP
Hon Frankie YICK Chi-ming, SBS, JP
Hon LEUNG Che-cheung, SBS, MH, JP
Hon Alice MAK Mei-kuen, BBS, JP
Hon KWOK Wai-keung, JP

Public officers attending:

Miss Cathy Chu Man-ling, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Mr Raistlin LAU Chun, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) ¹
Miss CHAN Cheuk-yin, Jennie	Principal Executive Officer (G), Financial Services and the Treasury Bureau (The Treasury Branch)
Mr José YAM Ho-san	Principal Assistant Secretary for the Environment (Energy)
Mr PANG Yiu-hung, JP	Director of Electrical and Mechanical Services
Mr Raymond POON Kwok-ying, JP	Deputy Director of Electrical and Mechanical Services (Regulatory Services)
Mr Barry CHU Kei-ming	Assistant Director of Electrical and Mechanical Services (Electricity and Energy Efficiency)

Clerk in attendance:

Ms Anita SIT

Assistant Secretary General 1

Staff in attendance:

Miss Bowie LAM

Council Secretary (1)1

Mr Frankie WOO

Senior Legislative Assistant (1)3

Miss Yannes HO

Legislative Assistant (1)7

Action

The Chairman reminded members of the requirements under Rule 83A and Rule 84 of the Rules of Procedure.

**Item 1 — FCR(2021-22)56
RECOMMENDATION OF THE ESTABLISHMENT
SUBCOMMITTEE MADE ON 23 JULY 2021**

**EC(2021-22)10
HEAD 159 — GOVERNMENT SECRETARIAT:
DEVELOPMENT BUREAU (WORKS BRANCH)
Subhead 000 Operational expenses**

2. The Chairman said that this item invited the Finance Committee ("FC") to approve the recommendation made by the Establishment Subcommittee ("ESC") at its meeting on 23 July 2021 in respect of EC(2021-22)10, i.e. regrading of two one-rank grade permanent directorate posts of one Head of Greening, Landscape and Tree Management Section (D2) and one Head of Tree Management Office (D1) to multi-disciplinary directorate posts in the Works Branch of the Development Bureau to meet operational needs and implement the greening, landscape and tree management initiatives more effectively. No member had requested that the recommendation be voted on separately at the FC meeting.

Voting on FCR(2021-22)56

3. At 3:01 pm, the Chairman put item FCR(2021-22)56 to vote. The Chairman declared that the majority of the members present and voting were in favour of the item. The item was approved.

**Item 2 — FCR(2021-22)57
RECOMMENDATION OF THE ESTABLISHMENT
SUBCOMMITTEE MADE ON 23 JULY 2021**

**EC(2021-22)11
HEAD 143 — GOVERNMENT SECRETARIAT:
CIVIL SERVICE BUREAU**

Subhead 000 Operational expenses

4. The Chairman said that this item invited FC to approve the recommendation made by ESC at its meeting on 23 July 2021 in respect of EC(2021-22)11, i.e. creation of a new one-rank grade and one permanent post of Head of the Civil Service College (D6) in the Civil Service Bureau to lead the Civil Service College to take forward its mission in enhancing civil service training. No member had requested that the recommendation be voted on separately at the FC meeting.

Voting on FCR(2021-22)57

5. At 3:02 pm, the Chairman put item FCR(2021-22)57 to vote. The Chairman declared that the majority of the members present and voting were in favour of the item. The item was approved.

**Item 3 — FCR(2021-22)59
RECOMMENDATION OF THE ESTABLISHMENT
SUBCOMMITTEE MADE ON 14 JULY 2021**

**EC(2021-22)7
HEAD 60 — HIGHWAYS DEPARTMENT
Subhead 000 Operational expenses**

6. The Chairman said that this item invited FC to approve the recommendation made by ESC at its meeting on 14 July 2021 in respect of EC(2021-22)7, i.e. creation of two supernumerary posts of Chief Engineer (D1) in the Highways Department to cope with the rapidly increasing workload relating to the maintenance of cross-boundary highway infrastructures, other major highway infrastructures as well as ageing public highway structures, and to take part in various tasks relating to land supply and land use planning strategies. No member had requested that the recommendation be voted on separately at the FC meeting.

Voting on FCR(2021-22)59

7. At 3:03 pm, the Chairman put item FCR(2021-22)59 to vote. The Chairman declared that the majority of the members present and voting were in favour of the item. The item was approved.

**Item 4 — FCR(2021-22)58
RECOMMENDATION OF THE ESTABLISHMENT
SUBCOMMITTEE MADE ON 14 JULY 2021**

EC(2021-22)9

**HEAD 42 — ELECTRICAL AND MECHANICAL SERVICES
DEPARTMENT**

Subhead 000 Operational expenses

8. The Chairman said that this item invited FC to approve the recommendation made by ESC at its meeting on 14 July 2021 in respect of EC(2021-22)9, i.e. creation of one supernumerary post of Chief Building Services Engineer ("the proposed post") (D1) in the Electrical and Mechanical Services Department ("EMSD") to head a new division in order to strengthen the planning and implementation of district cooling system ("DCS") projects. A member had requested that the recommendation be voted on separately at the FC meeting. ESC had spent about one hour and 18 minutes in total on considering the recommendation.

Justifications for creating the proposed post

9. Mr Tony TSE expressed support in principle for the proposal. He pointed out that with their energy efficiency being 35% higher than that of conventional air-cooled air-conditioning systems, DCSs would help promote environmental protection and energy saving. As there was no need to install chiller plants in buildings, DCSs would also save building space and cost. He suggested that the Administration consider implementing DCSs in new development areas ("NDAs") in New Territories North, the near-shore reclamation sites at Lung Kwu Tan and artificial islands in the Central waters, etc. Mr TSE also sought elaboration on the key responsibilities of the two existing Chief Engineers in the Energy Efficiency Office ("EEO") under the Electricity and Energy Efficiency Branch of EMSD as well as the work plan for the coming years to enable members to better understand the necessity for creating the proposed post.

10. In response, Director of Electrical and Mechanical Services ("DEMS") stated that:

- (a) as set out in the 2018 Policy Address, the Government would continue to study the provision of DCSs in NDAs and redevelopment areas, with a view to achieving the carbon neutrality target by 2050 as stated in the 2020 Policy Address;
- (b) since 2000, EEO had been headed by two Chief Engineers, namely Chief Engineer/Energy Efficiency A ("CE/EEA") and Chief Engineer/Energy Efficiency B ("CE/EEB"). Given the increasing workload arising from the complex DCS projects as well as the numerous new initiatives launched by EEO, the number of sub-divisions under EEO had increased from nine to 29;
- (c) with the creation of the proposed post dedicated to the planning and implementation of DCS projects, EEO could restructure the relevant duties to achieve greater operational efficiency and effectiveness; and the existing two Chief Engineers could devote more attention to taking forward other tasks relating to energy efficiency and conservation ("EE&C") and renewable energy ("RE");
- (d) after reorganization, CE/EEA's key responsibilities would include implementing the Mandatory Energy Efficiency Labelling Scheme ("MEELS"), expanding its coverage and reviewing its energy efficiency grading standards; promoting the adoption of energy-efficient technologies, RE, energy audits and the best energy management measures in the public and private sectors; and promoting a more progressive "Green Energy Target" to boost the overall energy performance of the Government by 6%. Since the introduction of an energy saving target for government buildings in 2003, their electricity consumption had been reduced by about 20%; and
- (e) CE/EEB would be responsible for overseeing the administration and enforcement of the Buildings Energy Efficiency Ordinance (Cap. 610), covering the control over the compliance of major retrofitting works in new buildings and existing buildings with energy efficiency requirements, as well as reviewing the Building Energy Code ("BEC") and the Energy Audit Code every three years to specify the energy efficiency requirements for buildings and the requirements for

conducting energy audits. In addition, the post would have to implement EE&C and RE initiatives/works for schools and social welfare organizations, including taking forward programmes such as "Green Schools 2.0 – Energy Smart", "Green Welfare NGOs" and "Solar Harvest".

Cost-effectiveness of district cooling systems

11. While expressing support for the Administration to implement DCSs and increase the manpower to take forward related projects, Mr Michael TIEN was dissatisfied with the failure of the Administration to provide for members' reference sufficient data and information, particularly those on how the target of recovering the capital and operating costs within 30 years would be achieved and how the aforesaid 30-year payback period had been worked out. He urged the Administration to provide members with relevant data, such as the respective estimated number of users, tariff levels and electricity consumption of the various DCS projects, including the DCS at the Kai Tak Development ("KTDCS"), which had been commissioned, so as to ensure the proper use of public funds.

12. Mr Christopher CHEUNG expressed support in principle for the creation of the proposed post. However, he was concerned that compared to its estimated cost of about \$1,600 million as approved by FC in 2009, the current estimated cost for the KTDCS project had increased substantially to about \$4,950 million, representing an overrun of more than two times. Moreover, while KTDCS had been in operation for eight years, its utilization rate was on the low side with only 11 buildings using it. He enquired how the proposed post should perform its supervisory role to avoid the recurrence of cost overruns, whether the officer concerned would be held accountable in case of huge cost overruns, and what were the reasons for the low utilization rate of KTDCS.

13. In response, Principal Assistant Secretary for the Environment (Energy) indicated that:

- (a) KTDCS was the first DCS in Hong Kong. In this regard, the Government had decided to submit funding applications to FC by phases for taking forward the works, having regard to the progress of the Kai Tak Development;

- (b) in seeking funding approval from FC for Phase III (Package A) of the KTDCS project in 2013, the Government had informed FC that the estimated cost for the whole project was \$4,945.5 million, and the funding approved for the whole project finally remained unchanged at \$4,945.5 million;
- (c) the scope of the KTDCS project covered, inter alia, the construction of central chiller plants, the laying of seawater intake and discharge pipelines as well as chilled water distribution pipe networks, and the provision of connection facilities in user buildings at the Kai Tak Development;
- (d) in addition to saving energy, DCSs also helped individual users save the upfront capital cost of installing chiller plants in their buildings. The air-conditioning cost arising from the use of DCSs was similar to that of individual water-cooled air-conditioning systems using cooling towers, but the energy efficiency of DCSs was higher;
- (e) KTDCS was still at its initial stage of operation. Only 11 buildings requiring central air-conditioning at the Kai Tak Development had been completed and were using the DCS at the moment. Such buildings included the EMSD Headquarters, Hong Kong Children's Hospital, schools and a shopping centre. Their cooling capacity was only a fraction (i.e. about 20%) of the designed maximum cooling capacity of the DCS. The Government expected that with the gradual development of the sites at the Kai Tak Development and the completion of the buildings one after another, about 40 buildings would eventually use the existing DCS. Since KTDCS was still not fully operational at this stage, comprehensive operating data of the DCS was not available;
- (f) regarding the construction of a DCS, the Government would first invest resources in the advance construction works of the DCS and then recover all the costs from the building owners or their authorized agents who used the DCS after it was commissioned. The Government conducted a review on the tariff level of KTDCS in 2020, and the findings indicated that the capital and operating costs of the DCS could be recovered through collecting tariff from users within 30 years from its commissioning in 2013; and

- (g) based on the experience of KTDCS, the Government had submitted to FC one-off funding applications for the DCS projects at Tung Chung New Town Extension (East) and Kwu Tung North New Development Area, and obtained funding approval from FC in February 2021. The Government was inviting tenders for the above projects. Considering that the operating data of KTDCS might affect the tender exercises, it was not appropriate to disclose further information at this stage. However, the Administration would provide relevant information for members' reference as soon as the tender exercises were completed.

14. DEMS added that DCSs were large-scale infrastructures. The Government had to finish constructing central chiller plants and seawater pump houses, laying chilled water distribution pipe networks, etc. before the completion of user buildings so that connection facilities could be provided in user buildings. The 11 buildings currently using KTDCS were mainly government buildings, and with the successive completion of relevant land sale procedures by the Government and construction works by developers, private buildings would also start to use the DCS one after another. He further said that the Government had specified in the land sale terms the requirement for the provision of connection facilities in the relevant buildings so that they could use the DCS. Developers were willing to use the DCS as it would help save the upfront capital cost and space. After the user buildings had been completed and connected to the DCS, the Government would start charging the users so as to recover the capital and operating costs.

Creating employment opportunities

15. Mr Holden CHOW expressed support for taking forward DCS projects to tackle climate change. He noted that according to paragraph 5 of the discussion paper, it was estimated that upon the completion and full commissioning of the DCSs in various NDAs, there would be an annual saving of about 200 million kWh of electricity, equivalent to an annual reduction of about 140 000 tonnes of carbon emissions. Mr CHOW enquired how the creation of the proposed post and the reorganization of EEO would create more direct or indirect employment opportunities.

16. DEMS responded that the new DCS project at the Kai Tak Development and the DCS projects at Tung Chung New Town Extension (East) and Kwu Tung North New Development Area were each estimated to bring about 200 to 300 new employment opportunities. As the long lead time of the projects from planning, design, construction to operation (which

might be up to 30 years) required continuous management of the relevant facilities, more long-term jobs were expected to be created. In addition, EEO was also responsible for implementing other energy saving and emission reduction measures. Taking three measures, namely "Green Schools 2.0 – Energy Smart", "Green Welfare NGOs" and the provision of small-scale RE installations in government buildings and infrastructures as examples, they might create about 250, 50 and 300 employment opportunities respectively.

Other work of the Energy Efficiency Office

17. Mr Tony TSE enquired about the work of EEO as follows:

- (a) the progress of and future plans for the implementation of MEELS;
- (b) whether the Administration had set energy targets in respect of energy saving and emission reduction for private buildings; and
- (c) the support provided by the Administration for promoting the popularization of electric vehicles, in particular the installation of electric vehicle charging-enabling infrastructures.

18. In response, DEMS advised that:

- (a) MEELS had been implemented in phases since 2009 and was currently in its third phase. Preparations were being made to implement the fourth phase to extend its coverage to three types of products, namely light emitting diode (LED) lamps, gas cookers and gas instantaneous water heaters. After the implementation of the fourth phase, together with the existing eight types of prescribed products in the first three phases, it was expected that about 80% of the total energy consumption of household installations would be covered. The Government reviewed the energy efficiency grading standards under MEELS from time to time. For example, it had upgraded the energy efficiency grading standards of products such as air conditioners and washing machines, and was reviewing whether the grading standard of refrigerators would be further tightened;
- (b) regarding the energy efficiency of private buildings, the Buildings Energy Efficiency Ordinance required major

retrofitting works in new buildings and existing buildings to comply with the requirements of BEC. The Government reviewed BEC every three years, and from 2012 to 2018, it tightened the energy efficiency standards twice, raising the energy saving requirements by a total of 18%. Another phase of updating was underway with a view to further tightening the energy requirements by 8%. As for the overall energy saving requirements for buildings in Hong Kong, it was believed that the Environment Bureau would put forward policies and proposals in the new Hong Kong's Climate Action Plan to tie in with the target of achieving carbon neutrality by 2050; and

- (c) EMSD would provide advice to bureaux/departments on the installation of electric vehicle charging-enabling infrastructures, including the performance, functions and safety of the charging facilities, as well as devise charging specifications and standards for the reference of departments. EMSD would also review and upgrade the charging specifications at the requests of departments to tie in with policy requirements.

19. Ir Dr LO Wai-kwok expressed support for the creation of the proposed post. Considering KTDCS as a relatively successful green public works project, he enquired whether technical support would be provided to schools which were interested in using DCSs or implementing other green projects. Ir Dr LO suggested that in addition to stepping up publicity efforts, the Administration should set up a dedicated service centre to provide technical support and assistance to schools or members of the community.

20. In response, DEMS said that EEO had been actively educating the public on green building and promoting the adoption of technology by schools and the public for saving energy and reducing emissions. The Government would be very happy to arrange seminars and outreach training for developers, owners' corporations, schools, etc., and provide advice on green design or construction. He further said that the Government would set up an exhibition centre in the new DCS chiller plant building which was under construction at the Kai Tak Development so that the public and students could learn more about DCSs.

Voting on FCR(2021-22)58

21. At 3:50 pm, the Chairman put item FCR(2021-22)58 to vote. The Chairman declared that the majority of the members present and voting were in favour of the item. The item was approved.

22. The meeting ended at 3:51 pm.

Legislative Council Secretariat
5 November 2021