

**立法會**  
**Legislative Council**

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**Panel on Welfare Services**

**Background brief prepared by the Legislative Council Secretariat  
for the meeting on 10 July 2017**

**Measures to support grass-roots facing energy poverty**

**Purpose**

This paper provides an account of the discussions of the Council and its relevant committees on measures to support grass-roots facing energy poverty.

**Background**

Measures implemented by the Administration to alleviate financial pressure of needy households living in rented private housing

2. According to the Administration, the Community Care Fund ("CCF") has launched 44 assistance programmes since its establishment in 2011. To help relieve the financial pressure of low-income persons living in rented private housing, CCF has rolled out the following four assistance programmes since 2011, i.e. (a) "Subsidy for Comprehensive Social Security Assistance ("CSSA") recipients living in rented private housing and paying a rent exceeding the maximum rent allowance under the CSSA Scheme",<sup>1</sup> (b) "Subsidy for low-income elderly tenants in private housing",<sup>2</sup> (c) "Subsidy for low-income persons who are

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<sup>1</sup> The programme, which was launched four times in October 2011, September 2013, September 2014 and September 2015, had benefited 22 605, 17 767, 14 991 and 14 938 households respectively.

<sup>2</sup> The programme, which was implemented from July 2012 to January 2013, had benefited 2 092 households.

inadequately housed"<sup>3</sup> and (d) "One-off living subsidy for low-income households not living in public housing and not receiving CSSA ("the N have-nots")" ("the One-off Living Subsidy") programmes.<sup>4</sup> The first programme has been extended in September 2016 and the remaining programmes have been completed.

Concessionary schemes introduced by public utility companies for the disadvantaged

3. The Hong Kong and China Gas Company Limited ("Towngas") has implemented concessionary schemes for eligible elderly persons, people with disabilities, single-parent families and low-income families. Beneficiaries of these concessionary schemes will enjoy 50% discount for the first 500MJ of gas consumed each month as well as waivers of monthly maintenance charge and spare parts costs. According to Towngas, 90 000 people/families have benefited from these concessionary schemes.

4. The two power companies, namely the CLP Power Hong Kong Limited ("CLP") and Hongkong Electric Company Limited ("HEC"), have introduced different concessionary schemes to reduce the electricity expenses of the needy groups. CLP launched the "Community Care Subsidy" programme in December 2012 which offered a one-off subsidy of \$300 to each eligible low-income person who is inadequately housed. CLP has also introduced the "Power Your Love Programme" since 2015 to encourage customers to save energy. Under the programme, CLP will donate the value of electricity saved to families in need to reduce their electricity expenses. Beneficiaries of the programme include CSSA recipients, elderly persons, persons with disabilities, families living in sub-divided units ("SDUs") and boarders in special schools. According to CLP, it had donated \$6 million and helped 20 000 households every year. HEC has provided concessionary tariff schemes for application by eligible elderly persons, persons with disabilities, single-parent families and the unemployed. Beneficiaries are entitled to a 60% discount for the first 200 units of electricity consumed in a month in addition to the exemption from the payment of deposit and minimum charge.

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<sup>3</sup> The programme, which was implemented from October 2012 to April 2013, had benefited 25 759 households.

<sup>4</sup> The programme, which was launched thrice in December 2013, January 2015 and January 2016, had benefited 52 136, 61 653 and 56 440 households (as at 31 July 2016) respectively.

## **Deliberations by Members**

### Installing separate electricity and water meters for households living in inadequate housing

5. Some Members expressed concern that as some landlords of SDUs had not installed separate electricity meters for their tenants, these SDU tenants were paying more than the standard tariffs and could not benefit from the special rebates offered by the two power companies. These Members pointed out that according to a survey report, about 80% of households of inadequate housing (including SDUs, caged homes, bedspaces, cubicle apartments and rooftop structures) had been overcharged by their landlords for water and electricity consumption. Some of these households had to pay more than a double of the standard tariffs and the overcharging problem had imposed a heavy financial burden on them. These Members urged the Administration to consider amending the Electricity Ordinance (Cap. 406) ("the Ordinance") and the Waterworks Regulations (Cap. 102A) ("the Regulations") to require the landlords of SDUs to install individual electricity and water meters for their tenants and to forbidden resale of electricity and water to third parties.

6. The Administration advised that the power companies would install individual meters for customers if prior consent from landlords and building management had been obtained, and that the relevant electrical installations complied with the safety requirements of relevant legislation including the Ordinance as well as the requirements set out in the Supply Rules of the power companies. To assist SDU households, CLP had been working with social welfare organizations, green groups and electrical workers associations since 2014 on the free installation of individual meters for households who had obtained landlords' consent and the units concerned were equipped with electrical installation that met the relevant standards. HEC had also explored ways to install individual meters for SDU households. As collection of electricity charges by landlords from tenants was not just an energy or electricity issue but involved tenancy arrangements between landlords and tenants as well as building structure, etc., the Administration considered that regulating the collection of electricity charges by legislation was not an appropriate means for resolving the overcharging problems.

7. As regards installation of separate water meters for SDU tenants, the Administration advised that the Water Supplies Department ("WSD") would follow the established procedures to handle applications for water

meter and enacting a new law for this purpose was not necessary. If the relevant unit had a proper postal address to ensure that letters from WSD such as notices and water bills could be posted to the occupier, the occupier might apply for a separate water meter from WSD. The following factors would also be taken into account by WSD when processing the applications:

- (a) whether the premises could be accessed without passing through any area occupied by others to ensure that the Water Authority could enter the premises directly for inspection or carrying out other relevant duties in case of any problem of the inside service<sup>5</sup>;
- (b) whether the premises had proper drainage systems to ensure that no flooding would occur in case of inside service fault; and
- (c) whether the application satisfied the requirements of the Waterworks Ordinance (Cap. 102). For example, the applicant was required to accept responsibility for the custody and maintenance of inside service, and submit the plumbing proposal in respect of the inside service, etc.

#### Providing subsidies for grass-roots facing energy poverty

8. Some Members urged the Administration to implement effective measures to address the energy poverty problems faced by the grass-roots. The Administration should regularize CCF's One-off Living Subsidy Programme and provide the N have-nots with utility subsidy. Special electricity tariff rate or a flat rate for calculating electricity charges for SDU tenants should be adopted. The Administration advised that as SDUs might involve legal and building safety issues, it was difficult to establish an electricity tariff structure for SDUs which was different from that for other residential flats. Besides, the financial conditions of SDU households might vary and there were practical difficulties in differentiating SDU tenants from their landlords who might also live in the same apartment. Hence, it might be unfair to other customers of the power companies if all SDU households were charged at lower tariffs for

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<sup>5</sup> According to section 2 of the Waterworks Ordinance (Cap. 102), inside service means the pipes and fittings in premises, and any pipes and fittings between the premises and a connexion to the main, (other than the pipes and fittings forming part of a fire service) which are used or are intended to be used for the purposes of a supply.

electricity consumption.

9. Some Members enquired whether a subsidy scheme for energy expenses under CCF would be set up to provide families in need (including tenants in inadequate housing) with subsidies on water and electricity expenditures. The Administration advised that CCF had received a proposal for providing subsidy on energy expenses to residents of SDUs previously. The CCF Task Force had discussed the relevant proposal. Some members of the CCF Task Force were concerned that such subsidies might trigger an increase in energy charges collected by the relevant landlords and hence the relevant households could not benefit eventually. The CCF Task Force would continue to launch new assistance programmes taking into account views from the public and stakeholders to support the underprivileged and low-income families.

10. The Panel on Welfare Services ("the WS Panel") passed a motion at its meeting on 9 January 2017 urging the Administration to provide tenants who lived in inadequate housing and were overcharged by their landlords for water and electricity consumption with low-income family allowances and amend relevant legislation to enable the power companies and WSD to change the conditions governing the installation of separate water and electricity meters, so that either the landlord or the tenant with proof of address might apply for installation of separate water and electricity meters. The WS Panel passed another motion at that meeting urging the Administration to continue to implement and regularize CCF's One-off Living Subsidy Programme, adjust the rate of the subsidy upward in accordance with inflation and provide SDU tenants with energy subsidies for paying water and electricity charges, until the relevant legislative amendments were made and implemented. The Administration was requested to take necessary actions on these motions.

#### Deterring resale of water and electricity to third parties

11. Some Members enquired whether the Administration would amend the Regulations to raise penalties for selling water from the waterworks. The Administration advised that pursuant to Regulation 51 of the Regulations, any person who contravened Regulation 47 committed an offence and was liable on summary conviction to a fine at level 3, the current amount of which was \$10,000. The Administration had no plan at the moment to amend the penalty concerned. Pursuant to Regulation 47(2), the landlord could recover the cost of water from the tenant in such premises who used water which was supplied through the inside service

of the landlord. Such cost of water was not confined to charge of water in the water bill. It could also include other costs incurred, such as the cost of maintenance and repair of the inside service paid by the landlord. The cost payable by the tenant to the landlord could be stipulated in the terms of tenancy agreement between them.

12. The Panel on Economic Development passed a motion at its meeting on 23 January 2017 urging the Administration to adopt appropriate measures to help the grass-roots tide over the difficulties, such as increasing the subsidies on electricity charges for low-income earners and SDU tenants as well as amending the Supply Rules of the power companies to deter landlords from overcharging SDU tenants for use of electricity. The Administration advised that under the Supply Rules, a customer should not resell electricity obtained from the power companies to any third party without the prior written consent of the power companies. The power companies might disconnect the supply if the customer failed to comply. However, before taking action, they would also consider if disconnection would jeopardize tenants ultimately and deprived them of electricity supply. According to CLP, any suggestion to impose penalty charges for resale of electricity required thorough consideration of the implications (e.g. whether the penalty might add undue financial burden on end-users), effectiveness and fairness of the penalty imposed. HEC also considered that as the relationship between HEC and any individual customer was governed by contract, HEC could only collect money from customers for services rendered or as remedy against proven damages due to breach of the contract. It would be legally difficult and costly to go through litigations or small claims tribunal to prove material damages suffered by HEC due to any resale of electricity to third parties. Even if there was a court ruling in favour of HEC for a breach case, the main remedy was still disconnection of electricity supply which did not help the affected tenants. HEC therefore considered it inappropriate to unilaterally impose any arbitrary penalty on a breach of contract for resale of electricity to third parties.

13. The Administration further advised that since the Supply Rules set out the terms of the service contracts between the two power companies and their customers, it was not appropriate for the Administration to interfere with the terms of commercial contracts entered into between the power companies and their customers. Amending the Supply Rules was not an appropriate way to resolve overcharging of tenants by landlords. The Administration was negotiating with the two power companies on the new Scheme of Control Agreements ("SCAs"), and would consider

whether further assistance might be offered to households in need under the new agreements.

## **Latest Development**

14. The Administration and the two power companies had entered into new SCAs<sup>6</sup> on 25 April 2017. Under the new SCAs, 65% of the incentives earned by the power companies from achieving the targets in relation to energy audits, energy saving from audits and the new Eco Building Fund / new Smart Power Fund<sup>7</sup> would be ploughed back by the power companies for the benefit of consumers for deployment under the new Community Energy Saving Fund ("CESF") to be established by the power companies respectively. CESF would be used to promote energy efficiency and conservation, such as encouraging and supporting customers (including disadvantaged customers) to replace or upgrade their electrical appliances to more energy-efficient models, as well as supporting assistance programmes for disadvantaged groups. Allocation of funds for the programmes under CESF was to be agreed between the Administration and the power companies.

## **Relevant papers**

15. A list of the relevant papers on the Legislative Council website is in the **Appendix**.

Council Business Division 2  
Legislative Council Secretariat  
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<sup>6</sup> The term of the new Scheme of Control Agreement ("SCA") with Hongkong Electric Company Limited ("HEC") will be 15 years from 1 January 2019 to 31 December 2033 while the term of the SCA with CLP Power Hong Kong Limited ("CLP") will be 15 years and three months from 1 October 2018 to 31 December 2033.

<sup>7</sup> A new Eco-Bulding Fund/new Smart Power Fund will be set up by CLP and HEC respectively to support the carrying out of retrofitting or retro-commissioning, and implementation of building-based smart/IT technologies, or other improvement measures to be agreed with the Administration.

## Appendix

### Relevant papers on measures to support grass-roots facing energy poverty

Committee	Date of meeting	Paper
Subcommittee on Poverty	26 January 2016 (Item I)	<a href="#">Agenda</a> <a href="#">Minutes</a>
Panel on Economic Development	13 December 2016 (Item V)	<a href="#">Agenda</a> <a href="#">Minutes</a>
Panel on Welfare Services	9 January 2017 (Item V)	<a href="#">Agenda</a> <a href="#">Minutes</a>
Panel on Economic Development	23 January 2017 (Item I)	<a href="#">Agenda</a> <a href="#">Minutes</a>
Legislative Council	11 January 2017	<a href="#">Written question (No. 19) on "Collection of electricity and water charges by landlords from tenants of inadequate housing"</a>
Legislative Council	22 March 2017	<a href="#">Oral question (No. 4) on "Electricity charges tenants of sub-divided units"</a>
Panel on Economic Development and Panel on Environmental Affairs	29 April 2017 (Item II)	<a href="#">Agenda</a>