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本函檔號 Our Ref: ENB 24/17/10 Pt. 12
來函檔號 Your Ref: CB4/PL/EDEV

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16 February 2017

Ms Shirley Tam
Clerk to Panel (Economic Development)
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Ms Tam,

Panel on Economic Development
Follow-up to motion passed at the policy briefing cum meeting
on 23 January 2017

We would like to provide our reply below in response to your letter of 25 January 2017.

The Government understands the financial pressure grassroots families are facing in their daily life. In accordance with the Scheme of Control Agreement (SCA), the Government will review the tariff annually with the two power companies to ensure that the public can enjoy safe and reliable electricity supply at reasonable costs.

Overall, electricity tariff in Hong Kong is lower than that of many international metropolitan cities. Households in Hong Kong on average spend less than 2% of their total expenditure in electricity. In the past few years, the two power companies have been providing discounts or rebates to low electricity consumption users to reduce their tariff burden. Although electricity consumption is not necessarily related to household income, quite a number of consumers with low-income are likely to be low consumption consumers, and hence could take advantage of the related tariff concessionary schemes to alleviate their tariff burden. Since 2012, users with low consumption have not been affected by tariff increase for five consecutive years. Electricity expenses for some have even dropped slightly under some situations.

The two power companies have introduced different concessionary schemes to help those in need, such as the elderly, unemployed, single-parent families and people with disabilities to reduce their tariff burden. CLP Power Hong Kong Limited (CLP) organised the "Power Your Love Programme" in 2015 and 2016, under which the saving earned in electricity saved by participating customers was donated to families in need, including households living in sub-divided units, to reduce their electricity expenses. The Government currently has various policy measures to support people in need including the Low-income Working Family Allowance and the Work Incentive Transport Subsidy. These measures help alleviate the financial burden on grassroots working households.

For tenants living in sub-divided units, some may pay higher electricity tariff than the average tariff. This may be owing to the high electricity consumption of the accounts of the residential units concerned, and therefore payment of electricity tariff might be higher than the average tariff under the progressive charging mechanism. In 2016, the maximum residential net tariff rates of the CLP and The Hongkong Electric Company Limited were \$2.01 and \$1.849 per unit respectively, which were higher than the median electricity charge of \$1.5 per unit paid by the tenants living in sub-divided units to their landlords as reported in a recent survey. Therefore, it cannot be generally said that landlords are overcharging electricity.

On the suggestion to amend the Supply Rules, since the Supply Rules set out the terms of the service contracts between the two power companies and their customers, it is not appropriate for the Government to interfere with the terms of commercial contracts entered into between the power companies and their customers. In fact, the collection of electricity charges by landlords from tenants of sub-divided units is not just an energy or electricity issue. It also involves the tenancy arrangements between landlords and tenants as well as building structure, etc. Amending the Supply Rules is not an appropriate way to resolve overcharging of tenants by landlords. The Government is now negotiating with the two power companies on the new Scheme of Control Agreements, and will consider whether further assistance may be offered to households in need under the new agreements.

Yours sincerely,



(Ms Esther Wang)

for Secretary for the Environment