

立法會
Legislative Council

LC Paper No. FC158/20-21
(These minutes have been
seen by the Administration)

Ref : FC/1/1(2)

Finance Committee of the Legislative Council

Minutes of the 2nd meeting
held at Conference Room 1 of the Legislative Council Complex
on Friday, 30 October 2020, from 3:45 pm to 6:57 pm

Members present:

Hon CHAN Kin-por, GBS, JP (Chairman)
Hon CHAN Chun-ying, JP (Deputy Chairman)
Hon James TO Kun-sun
Hon LEUNG Yiu-chung
Hon Abraham SHEK Lai-him, GBS, JP
Hon Tommy CHEUNG Yu-yan, GBS, JP
Prof Hon Joseph LEE Kok-long, SBS, JP
Hon WONG Ting-kwong, GBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon CHAN Hak-kan, BBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon WONG Kwok-kin, SBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Claudia MO
Hon Michael TIEN Puk-sun, BBS, JP
Hon Steven HO Chun-yin, BBS
Hon Frankie YICK Chi-ming, SBS, JP
Hon WU Chi-wai, MH
Hon YIU Si-wing, BBS
Hon MA Fung-kwok, GBS, JP
Hon Charles Peter MOK, JP
Hon CHAN Han-pan, BBS, JP
Hon LEUNG Che-cheung, SBS, MH, JP
Hon Kenneth LEUNG

Hon Alice MAK Mei-kuen, BBS, JP
Dr Hon KWOK Ka-ki
Hon KWOK Wai-keung, JP
Hon Dennis KWOK Wing-hang
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
Dr Hon Helena WONG Pik-wan
Hon IP Kin-yuen
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-kiwok, SBS, MH, JP
Hon Alvin YEUNG
Hon Andrew WAN Siu-kin
Hon Jimmy NG Wing-ka, BBS, JP
Dr Hon Junius HO Kwan-yiu, JP
Hon LAM Cheuk-ting
Hon Holden CHOW Ho-ding
Hon SHIU Ka-fai, JP
Hon SHIU Ka-chun
Hon Wilson OR Chong-shing, MH
Hon YUNG Hoi-yan, JP
Dr Hon Pierre CHAN
Hon CHEUNG Kwok-kwan, JP
Hon HUI Chi-fung
Hon LUK Chung-hung, JP
Hon LAU Kwok-fan, MH
Hon Kenneth LAU Ip-keung, BBS, MH, JP
Dr Hon CHENG Chung-tai
Hon KWONG Chun-yu
Hon Jeremy TAM Man-ho
Hon Vincent CHENG Wing-shun, MH, JP
Hon Tony TSE Wai-chuen, BBS, JP

Members absent:

Hon Jeffrey LAM Kin-fung, GBS, JP
Hon CHUNG Kwok-pan

[According to the announcement made by the Hong Kong Special Administrative Region Government on 11 November 2020 pursuant to the Decision of the Standing Committee of the National People's Congress on Issues Relating to the Qualification of the Members of the Legislative Council of the Hong Kong Special Administrative Region, Kenneth LEUNG, KWOK Ka-ki, Dennis KWOK Wing-hang and Alvin YEUNG were disqualified from being members of the Legislative Council on 30 July 2020.]

Public officers attending:

Ms Alice LAU Yim, 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 Jennie CHAN Cheuk-yin	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Mr Sam HUI Chark-shum	Deputy Secretary for Financial Services and the Treasury (Financial Services) 3
Mr TE Chi-wang	Principal Assistant Secretary for Financial Services and the Treasury (Financial Services) 6
Ms Irene YOUNG Bick-kwan, JP	Deputy Secretary for the Environment
Ms Queenie LEE Lai-kwan	Principal Assistant Secretary for the Environment (Renewable Energy Review and Development)
Mr Paul WONG Yan-yin	Principal Assistant Secretary for the Environment (Energy)

Clerk in attendance:

Ms Anita SIT	Assistant Secretary General 1
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Staff in attendance:

Ms Angel SHEK	Chief Council Secretary(1)1
Miss Bowie LAM	Council Secretary (1)1
Miss Queenie LAM	Senior Legislative Assistant (1)2
Mr Frankie WOO	Senior Legislative Assistant (1)3

Miss Mandy POON
Miss Yannes HO

Legislative Assistant (1)1
Legislative Assistant (1)7

Action

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

**Item 1 — FCR(2020-21)68
RECOMMENDATION OF THE ESTABLISHMENT
SUBCOMMITTEE MADE ON 17 JUNE 2020**

**EC(2020-21)4
HEAD 148 —GOVERNMENT SECRETARIAT :
FINANCIAL SERVICES AND THE TREASURY
BUREAU(FINANCIAL SERVICES BRANCH)
Subhead 000 Operational expenses**

Withdrawal of agenda item FCR(2020-21)68

2. The Deputy Chairman stated that the Finance Committee ("FC") was originally scheduled to continue discussing today agenda item FCR(2020-21) 68, which proposed making permanent one supernumerary post of Administrative Officer Staff Grade B (D3) and one supernumerary post of Administrative Officer Staff Grade C ("AOSGC") (D2) in the Financial Services Branch of the Financial Services and the Treasury Bureau ("FSTB"), to provide long-term and senior-level policy steer and inputs to various major legislative and policy initiatives, but the Administration wrote to FC Chairman this afternoon (30 October 2020), proposing withdrawal of the above item.

[Post-meeting note: The letter from the Administration on the withdrawal of agenda item FCR(2020-21)68 was tabled at the FC meeting held on the same day and was subsequently circulated to members vide LC Paper No. FC23/20-21(01) later that day.]

3. At the invitation of the Deputy Chairman, Deputy Secretary for Financial Services and the Treasury (Treasury)1 ("DSFST(T)1") stated that as set out in the letter, considering that members had expressed various views on item FCR(2020-21)68, including whether it was necessary to make permanent the two supernumerary posts concurrently, at the last meeting (on 23 October), and to allow more time for FSTB to study

members' views and consider the need to revise the original proposal, the Government had decided to withdraw the item under paragraph 26 of the Finance Committee Procedure.

4. As some members had asked the Administration to further explain the reasons for withdrawing the item, the Deputy Chairman directed that each member might speak for one minute.

5. Dr KWOK Ka-ki and Ms Claudia MO questioned whether the Administration's sudden withdrawal of item FCR(2020-21)68 before the meeting was due to the objection of members belonging to the pro-establishment camp, especially those belonging to the Democratic Alliance for the Betterment and Progress of Hong Kong ("DAB"), to the item, and the Administration's assessment of its failure to secure enough votes to pass the item. Ms MO and Mr Andrew WAN were of the view that the reasons stated in the letter by the Administration were not sufficient and questioned whether the Government would immediately withdraw the proposals concerned if similar situations occurred in the future.

6. Dr CHENG Chung-tai and Mr Alvin YEUNG were concerned whether the work originally to be taken up by the proposed post could not be taken forward as a result of the Administration's withdrawal of the item. Given its withdrawal, Mr Jeremy TAM enquired that if the Administration revised the item in the future, whether it had to consult the Establishment Subcommittee on the revised item afresh or it could directly submit the revised item to FC.

7. Mr KWONG Chun-yu and Dr Fernando CHEUNG were concerned that the Administration's withdrawal of the item seemed to make way for FC's early consideration of the item "Studies related to artificial islands in the Central Waters".

8. Mr WU Chi-wai considered the Administration's willingness to listen to and accept Members' views on the item and withdraw it in response to their opposition a desirable governance attitude. He hoped that the Administration would be consistent in its practice when dealing with other agenda items in the future.

9. Mr Paul TSE and Mr WONG Kwok-kin were of the view that the Government's withdrawal of the item following its assessment of the failure to secure enough supporting votes was a gesture of accepting good advice, and members belonging to the pro-democracy camp should not target individual political parties. Mr TSE stated that he believed members

belonging to the pro-democracy camp all expected the Government to make compromises in response to members' views.

10. Mr Steven HO indicated his disagreement with the claim of members belonging to the pro-democracy camp that the Administration withdrew the item simply because of the opposition from DAB. In his view, if it was the assessment of the Government that it would not be able to secure enough supporting votes, withdrawing the item early could save meeting time and was reasonable.

11. At the invitation of the Deputy Chairman, DSFST(T)1 gave a consolidated response. He reiterated that members of different political affiliation had expressed a number of views on item FCR(2020-21)68 at the last meeting, and as it was necessary for FSTB to consider afresh the need to amend the proposal in the light of these views, it proposed to withdraw the item. The Government needed to consider, among others, that if amendment was to be made, whether it would affect the relevant legislative amendment work which the proposed post was responsible for; if so, what remedy would be in place. Depending on the specific content of the amendment, the Government would consider whether it was necessary to consult relevant Panels and the Establishment Subcommittee afresh. FC's deliberation of the item of Funding Support to the Ocean Park Corporation (FCR(2020-21)9) in May 2020 was an example. The Government withdrew the agenda item after listening to members' views and submitted a revised agenda item (FCR(2020-21)15). The Government did not consult relevant Panels afresh at that time but directly submitted the new item to FC for deliberation. In addition, the Government had no plans for the time being to adjust the order of the agenda items to allow FC to deliberate some items earlier.

**Item 2 — FCR(2019-20)8
RECOMMENDATION OF THE ESTABLISHMENT
SUBCOMMITTEE MADE ON 22 MARCH 2019**

EC(2018-19)27

**HEAD 137 — GOVERNMENT SECRETARIAT:
ENVIRONMENT BUREAU**

Subhead 000 Operational expenses

12. The Deputy Chairman stated that this item sought the approval of FC for the recommendation made by the Establishment Subcommittee at its meeting on 22 March 2019 in respect of EC(2018-19)27, i.e. to make permanent one supernumerary post of AOSGC (D2) in the Environment

Bureau ("ENB"), designated as Principal Assistant Secretary (Electricity Reviews) ("PAS(ER)"), to continue to take forward the tasks in relation to the promotion of renewable energy ("RE") and long-term development of the electricity market.

Arrangement for deliberating this item

13. Ms Claudia MO, Dr KWOK Ka-ki and Mr Alvin YEUNG were concerned that as agenda item FCR(2019-20)8, same as item FCR(2020-21)68 which was just withdrawn by the Administration, sought to make permanent a supernumerary directorate post, members might raise similar questions and requested the Administration to revise the content of the item. They enquired whether the Administration had a grasp of the voting intentions of members, otherwise it might need to withdraw the item again because of insufficient supporting votes. Dr Helena WONG expressed her dissatisfaction that the Secretary for the Environment did not attend the meeting to answer questions from members.

14. Deputy Secretary for the Environment ("DSEN") advised that the Government had no intention to speculate on the voting intentions of members. She pointed out that the proposed post would be responsible for a number of important tasks, including promoting the development of RE and formulating the future fuel mix for electricity generation. She hoped members would understand the necessity and urgency for the creation of the proposed post and support this staffing proposal.

15. Dr Fernando CHEUNG enquired whether the Administration would bring forward the item "Studies related to artificial islands in the Central Waters" on the agenda and request FC to deliberate it earlier.

16. Permanent Secretary for Financial Services and the Treasury (Treasury) ("PSFST(T)") responded that the Government had no plans to adjust the order of the agenda items at this stage. She stated that the Government would submit an agenda for each FC meeting. If there was a need to adjust the order of the agenda items (not for the sake of any specific item), it would follow the established procedures, including seeking the consent of the FC Chairman first before making the adjustment.

Justifications for creating the proposed post and its performance indicators

17. Mr Steven HO, Mr LAM Cheuk-ting, Ms Claudia MO, Mr KWONG Chun-yu and the Chairman were concerned that the Administration's proposal to create a permanent post at the senior level would substantially increase the recurrent expenditure. Given the

prevailing gloomy economic environment and the high unemployment rate in Hong Kong, it was necessary for the Government to limit the expenditure growth. They considered that the Administration's justifications for the creation of the proposed post were unconvincing and it might be difficult to win the support of members. Mr SHIU Ka-fai expressed his opposition to the creation of the proposed post. The Chairman was of the view that ENB had to provide quantifiable performance indicators for the proposed post. Mr HO enquired about the impact to be brought about if the proposal was not carried.

18. DSEN advised that if the proposal was not carried, the Bureau would face a tight manpower situation, which might affect the promotion and implementation of various environmental policies, including the development of RE, energy conservation and emission reduction and improving the fuel mix for electricity generation. She stressed that the Government had put forward this staffing proposal after careful consideration and hoped that members would support it.

19. Noting the lapse of the supernumerary post of PAS(ER) on 29 April 2019, Mr James TO enquired why the Administration had not submitted a paper to FC until now to apply for making the supernumerary post permanent, and about the reasons for deleting the supernumerary post. Mr Andrew WAN asked whether the supernumerary post was a full-time post and when it was created.

20. DSEN advised that the above-mentioned supernumerary post had been first created in 2014 for a period of two years and approved by FC for extension for three years in 2016, and it had been a full-time post. Before the post lapsed on 29 April 2019, the Government had submitted a paper to the Legislative Council ("LegCo"), hoping to obtain approval for making the post permanent as soon as possible. However, as FC had numerous agenda items, its deliberation of the item concerned could not start until now.

21. Mr Tony TSE pointed out that the title of the proposed post was PAS(ER), which inevitably gave rise to queries as to whether the scope of duties of the post was narrow and whether it was only responsible for electricity reviews. He requested the Administration to elaborate on the duties of the proposed post. Mr TSE and Mr James TO were concerned that since the lapse of the supernumerary post of PAS(ER), what work had been suspended and who had absorbed its work.

22. DSEN advised that when the supernumerary post of PAS(ER) was created, it was mainly tasked to undertake a review of the electricity market

and conduct public consultation in 2015 in respect of the review. FC approved the extension of the supernumerary post for three years in 2016 to follow up the outcome of the public consultation, including negotiating with the power companies in respect of the post-2018 Scheme of Control Agreements ("SCAs"), preparing new agreements and implementing relevant arrangements. For the above-mentioned reasons, the supernumerary post was designated as PAS(ER). Over the years, there was an increase in the workload and a change in the work nature of the post with the incumbent also being responsible for promoting the development of RE. As the post title remained unchanged, it might not accurately reflect all its functions. Following the lapse of the supernumerary post, the Government deployed other staff of ENB to concurrently take up the more urgent tasks of the post. Since most of its work was long-term, urgent and ongoing in nature, long-term deployment of other staff to concurrently take up the work of the post was not feasible and sustainable. Therefore, the Government had an urgent need to create the proposed post.

23. Mr YIU Si-wing, Dr Fernando CHEUNG and Mr Steven HO were of the view that by splitting the energy-related work into different small items and in turn requesting the creation of the proposed post, ENB would just expand the establishment unnecessarily. They pointed out that the main duties of the proposed post, including promoting the development of RE, reviewing the long-term development of the electricity market and monitoring SCAs that came into effect in 2018, were tasks that the Bureau had been taking forward and could be shared by the existing Principal Assistant Secretary (Energy) ("PAS(EG)"), Principal Assistant Secretary (Sustainable Development) ("PAS(SD)") and Chief Electrical and Mechanical Engineer (Electricity Team) ("CEME(ET)") respectively. Referring to the main duties and responsibilities of PAS(EG) in Enclosure 2 to EC(2018-19)27, Mr WU Chi-wai considered that the work of the post was not onerous, and as the proposed post's responsibility was only to oversee the implementation of policies, PAS(EG) should be able to take up such work concurrently. Mr LAM Cheuk-ting enquired about the most important work for the proposed post in the coming two to three years and whether the work of the proposed post could be absorbed by other staff in ENB.

24. DSEN explained that the Bureau had studied the arrangement for PAS(EG) to absorb the duties of the proposed post, but considered it infeasible because the workload of the Energy Division ("EGD") headed by PAS(EG) was already very heavy, involving duties such as promoting energy saving and green buildings, enhancing energy efficiency (including implementing the "Mandatory Energy Efficiency Labelling Scheme" and

the legislative amendments on enhancing building energy efficiency), and implementing District Cooling System in the Kai Tak Development and other new development areas, all of which were complex and ongoing policies. PAS(SD) was mainly responsible for examining from a high-level perspective Hong Kong's sustainable development strategies covering economic, social, environmental policy areas, supporting the work of the Council for Sustainable Development, and promoting public engagement and public education on different issues of sustainable development. Therefore, it was also difficult for PAS(SD) to absorb the duties of the proposed post. CEME(ET) was responsible for providing technical support. For example, in the Government's annual review with the two power companies on the latter's technological, environmental protection and financial performance, CEME(ET) would provide technical advice on the power companies' capital investment and projects under planning/underway. Therefore, CEME(ET) could not take up the policy work of the proposed post. If the duties of the proposed post were to be absorbed by other officers of ENB, such as the officers of EGD with similar duties, in addition to making the workload of the division concerned heavier, it might affect the work progress of the original duties of such officers. For example, ENB announced in 2015 the Energy Saving Plan for Hong Kong's Built Environment 2015-2025+. EGD was responsible for implementing the various energy saving initiatives under the Plan, especially promoting energy conservation and emission reduction among the public and assisting in transforming Hong Kong into a low-carbon society. Referring to the main tasks of the proposed post, DSEN pointed out that as the first interim review would commence in 2023, the Government had an urgent need to create the proposed post. She hoped that members would support and endorse the proposal.

25. Mr Steven HO, Mr Andrew WAN, Mr James TO and Mr WU Chi-wai all had reservations about the Administration's proposed creation of the post on a permanent basis and suggested that the Administration create a supernumerary post instead. Mr WU pointed out that as the potential of developing RE was limited in Hong Kong as advised by the Administration, the justification for the creation of the proposed post to promote RE development was not convincing. He counter-suggested that the Administration create a supernumerary post to devise a financing model for the development and application of RE in Hong Kong. Referring to paragraphs 14 and 15 of EC(2018-19)27, Mr WAN pointed out that as the Government would conduct a review on the development of the electricity market, including deciding on the future regulatory arrangements, the busiest time would be the last five years of the regulatory period of SCAs, which meant that the workload of the proposed post was not heavy at this stage. Mr WAN and Mr WU were of the view that if the workload of the

proposed post further increased, the Administration could then consider seeking FC's approval for the creation of a permanent post.

26. Mr James TO and Mr LAM Cheuk-ting were of the view that the creation of supernumerary posts was more competitive and entailed greater accountability, as all government departments wishing to create supernumerary posts had to first compete internally for resources. In other words, those proposals for creating supernumerary posts that could be submitted to FC for consideration should be more needed and fully justified. In addition, FC's approval was required for the extension of supernumerary posts, which meant that the Government had to regularly report to LegCo on the performance of the posts concerned.

27. DSEN advised that the Bureau had carefully studied the feasibility of creating the proposed post continuously on a supernumerary basis. However, since the work of the post was long-term and on-going, including continuously improving the mechanism of the Feed-in Tariff ("FiT") Schemes and conducting interim reviews in respect of SCAs, the creation of a supernumerary post was not feasible. She reiterated that the proposed post would be responsible for two main tasks, namely to explore more RE sources, and to strive for improving Hong Kong's fuel mix for electricity generation in the next few years, with a view to achieving the carbon reduction target to combat climate change. Given the need to actively promote more relevant policies and conduct studies, the Government would rely on a directorate officer to oversee the implementation of the relevant tasks.

28. Mr LEUNG Yiu-chung was of the view that over the years, the Administration had not made any progress in promoting RE and developing the electricity market, and questioned whether the creation of the proposed post would be effective in implementing the above policies. Mr LEUNG and Prof Joseph LEE enquired whether there were specific performance indicators for the proposed post in terms of reducing carbon emissions and promoting RE.

29. DSEN stated the Government's expectation that with the advance in technology, more RE could be developed. For example, while the installation of solar panels used to be a relatively expensive investment, more and more people invested in solar power generation in recent years as the cost of investment had gone down. She pointed out that Hong Kong might not be able to produce a large amount of RE, but it could consider importing different types of clean energy (e.g. green hydrogen, ammonia). The Government would closely monitor the latest development with a view to increasing the share of RE in the fuel mix for electricity generation.

30. Mr WU Chi-wai, Mr Andrew WAN and Mr Charles Peter MOK were of the view that the various tasks to be undertaken by the proposed post, including promoting the study on the development of RE and the electricity market, had been discussed for a long time and the policy directions had been formulated. What remained to be done was only implementation and there was no need to create a permanent directorate post. Mr MOK opined that what the Administration currently lacked should be officers for implementing policies rather than directorate officers. Mr WAN enquired what new policies the proposed post would need to deal with.

31. DSEN advised that apart from formulating and implementing policies, the Bureau also needed to continuously conduct reviews and improve policies. She cited the FiT Schemes as an example. After the launch of the Schemes, there were views that the restrictions on the installation of solar panels on the rooftops of village houses would discourage potential participants of the Schemes. Therefore, the Bureau decided to suitably relax the relevant requirements and streamline the application procedures. As regards concerns about whether persons receiving FiT payments would be regarded as operators, and whether it was necessary for them to apply for business registration or file profits tax returns, the Government would have to address them one by one. She reiterated that ENB was responsible for formulating and improving policies, and coordinating various implementation tasks, and such work would have to be undertaken at the directorate level.

32. Mr Jeremy TAM enquired whether the proposed post would be responsible for matters relating to the policy on parking spaces for electric vehicles, and how many non-directorate officers would be under the leadership of the proposed post. DSEN advised that the proposed post would be underpinned by three non-directorate officers, i.e. two Senior Administrative Officers and one Senior Executive Officer. The scope of duties of the proposed post would not cover matters concerning the policy on parking spaces for electric vehicles.

33. Mr Jeremy TAM was of the view that as the proposed post would lead a relatively small team, it was not necessary to create the post at the AOSGC rank and its work could be handled by officers at other ranks. DSEN advised that as ENB was a bureau and mainly provided policy steer, it hoped to streamline its manpower as much as possible. The Bureau had seriously considered the need to create the proposed post and the appropriateness of the rank and grade to which it belonged. The conclusion was that the proposed post did need to be filled by a directorate

officer because of the complexity and difficulty of its work, especially in respect of the interim reviews on SCAs. Quoting the Mid-Term Review in 2013 as an example, she said that the officer-in-charge had to listen to the views of experts, academics and green groups, and deal with various technical, financial and legal issues in light of the review findings in order to negotiate with the two power companies. It took almost two years at that time to complete the review.

Development of renewable energy and reduction of carbon emissions

34. Mr Kenneth LEUNG noted that ENB announced Hong Kong's Climate Action Plan 2030+ in 2017, which estimated that Hong Kong had about 3% to 4% of realizable RE potential up to 2030. He enquired whether the above estimate had changed and asked about the current output of electricity generated by RE in the overall electricity output of Hong Kong. He was of the view that if the estimate remained unchanged, the proposed post would not have new tasks in respect of the promotion of RE.

35. Dr Helena WONG stated that if the Administration could not convince Members that the creation of the proposed post would be effective in promoting RE development, it would be difficult for her to support the proposal. She was of the view that the development of clean energy involved large-scale investment, but the Government had not committed itself to putting in sufficient resources. In the absence of government subsidies, the two power companies did not have incentives to develop clean energy. Even if the two power companies took actions, they would eventually pass on the increased costs to the public by substantially increasing the electricity tariffs. She enquired about the specific targets for RE development, e.g. whether the Administration had plans to achieve zero carbon emission from electricity generation by 2030 or 2050.

36. DSEN advised that limited by its natural environment and resources, Hong Kong had low potential for RE development. The use of technology for large-scale RE development also faced great difficulties. Therefore, the Government estimated that the potential of developing RE in Hong Kong remained at 3% to 4%. The Government would invite local scientific research institutions and private companies to apply for funding from the Green Tech Fund for decarbonization and green technology projects in December 2020, with the hope that there would be new projects which could help develop RE.

37. Mr Charles Peter MOK did not agree that the development potential of RE was relatively low as claimed by the Administration. He

considered that there was much room for development as far as the installation of solar photovoltaic ("PV") systems in reservoirs was concerned, and the Administration should step up efforts to promote relevant projects. Referring to paragraph 9 of EC(2018-19)27, which mentioned that ENB had been "actively exploring the development of large-scale RE projects, and, would in the near future, work with the Water Supplies Department ("WSD") and the Environmental Protection Department ("EPD") to take forward installation of large-scale floating PV systems at suitable locations in reservoirs and installation of solar PV systems at suitable landfills respectively", Mr Andrew WAN enquired about the progress of such work.

38. DSEN advised that while ENB played a leading role in formulating policies for RE development, it also relied on other government departments (including the Electrical and Mechanical Services Department ("EMSD") and the Architectural Services Department) for assistance. After studying the feasibility of installing large-scale solar PV systems or RE power systems in reservoirs, the Government, with the co-operation of WSD, had successfully launched pilot projects in Shek Pik Reservoir and Plover Cove Reservoir to install floating PV systems. WSD was actively preparing for the installation of a relatively large scale floating PV system in Plover Cove Reservoir, and had already commenced advance works. The Government also encouraged WSD to proceed to study the laying of solar panels in 20-odd other reservoirs on a trial basis. The Government was actively exploring the installation of RE systems in waste centres or restored landfills. If other government departments had the potential to install RE systems/additional RE systems in their own facilities, they would also embark on the relevant projects. For example, the Drainage Services Department had installed RE facilities at Siu Ho Wan Sewage Treatment Works. Since 2017, the Government had allocated \$2 billion for various government departments to install small-scale RE systems on their premises, and so far more than 80 projects had been approved.

39. Citing paragraph 9 of EC(2018-19)27, which stated that the Government had earmarked \$1 billion to support various bureaux and departments to install small-scale RE facilities, Ms Claudia MO was concerned about the considerable amount of money mentioned above, and enquired about the respective financial estimates for the installation of larger RE facilities, such as the installation of solar PV systems in reservoirs or restored landfills.

40. DSEN advised that as the Government was studying and planning different RE projects, it was unable to provide financial estimates for all projects. She stressed that RE development was an important investment

in mitigating climate change. For example, while using coal for electricity generation had the lowest cost, its impact on the environment was the greatest. Therefore, the Government had required the power companies to replace retired coal-fired generating units with gas-fired generating units.

41. Citing a study of the Hong Kong Polytechnic University, Dr Fernando CHEUNG pointed out that there were around 300 000 buildings in Hong Kong, and if solar panels were installed on the rooftops of suitable buildings, they could generate enough electricity to supply 10.7% of the whole-year electricity consumption in Hong Kong. However, according to the Hong Kong Energy End-use Data 2020, solar power only accounted for 2% of RE produced while RE only accounted for 0.2% of electricity consumption in Hong Kong. He enquired whether the Administration had set performance indicators for the promotion of RE for the proposed post, e.g. the percentage of RE in the electricity consumption and the percentage of solar power in RE to be attained in Hong Kong by 2030. Mr WONG Ting-kwong opined that the general public faced many hurdles in installing solar panels as they had to meet various requirements such as those on environmental protection, as well as building and fire safety, which were not conducive to promoting the use of solar energy for electricity generation.

42. DSEN advised that EMSD had commissioned a consultancy study on the feasibility of installing solar power systems on the rooftops of buildings in Hong Kong and published the Study Report on PV Applications and PV Potential of Building Rooftops in Hong Kong in July 2019. The findings of the Report showed that the installation of solar PV systems in Hong Kong was subject to many restrictions. However, if the rooftops of buildings in Hong Kong could be fully utilized for installing solar PV systems, they could generate around 880 million kWh of electricity per year, which was equivalent to 2% of Hong Kong's total electricity consumption in 2016.

43. Mr HUI Chi-fung criticized the Administration for lacking specific targets and commitments in RE development, energy conservation and emission reduction, and for refusing to accept public views. As such, it was difficult for him to support the creation of the proposed post. He cited examples to support his views. Regarding the FiT Schemes launched by the Government, the public had been calling on the Administration to subsidize the owners' corporations of housing estates/buildings to install solar panels/RE installations to facilitate their participation in the Schemes, but the Administration had paid no heed to their call. The public expected the Government to undertake to

completely phase out conventional fuel-driven vehicles by 2030, but this expectation likewise had not been taken seriously, and there had been frequent changes to the tax policy on electric vehicles. He sought information on the specific targets for RE development, energy conservation and emission reduction, and the amount of resources allocated.

44. DSEN advised that the Government would explore the possibility of using wind power and introducing green hydrogen for electricity generation. In addition to the FiT Schemes and allocating \$2 billion to government departments for installing RE systems, the Government launched the Solar Harvest - Solar Energy Support Scheme for Schools and Welfare Non-Governmental Organisations ("Solar Harvest") in 2019 with the aim of installing solar panels for schools and social welfare organizations for free, so that they could participate in the FiT Schemes while such installations could be used for educational and demonstration purposes. This was a good example of the Government investing resources in promoting RE.

45. Mr HUI Chi-fung enquired about the number of applications received and the application progress since the launch of Solar Harvest, and the total amount of resources put in by the Government. DSEN advised that since the launch of Solar Harvest in March 2019, over 300 applications had been received. As of September 2020, EMSD had assisted 88 eligible schools to install solar power systems, of which 42 systems had been connected to the power grids and had been receiving FiT payments. As for the remaining 46 systems, applications were being made to the FiT Schemes. Based on an estimate of a generating capacity of 10 kW per solar power system, those systems which had been connected to the power grids and had been receiving FiT payments had generated more than 172 000 kWh of electricity, which was equivalent to the electricity consumption of 620 households for one month. In addition, the Government's expenditure on Solar Harvest in 2019-2020 was \$12.27 million and the estimated expenditure in 2020-2021 was around \$67.5 million. Mr HUI was of the view that the resources allocated by the Government were only a drop in the bucket. The Administration noted his view.

46. Mr LEUNG Yiu-chung questioned that the FiT Schemes had a long payback period but limited effectiveness. DSEN advised that the two power companies launched their FiT Schemes in 2018 and 2019 respectively. As of the third quarter of 2020, more than 11 000 applications had been received, and the response had been better than expected. Among the applications, 10 000 of them had been

approved, and the systems involved in thousands of them had been successfully connected to the power grids and had been receiving FiT payments. The current FiT level allowed the payback period of investors to be shortened to 10 years.

47. Prof Joseph LEE enquired whether the Administration had plans to install solar panels in public organizations (e.g. the Hospital Authority) to promote RE.

48. DSEN advised that the Bureau had been liaising with organizations outside the Government to see if there was room for them to develop RE. For example, the Hong Kong Housing Authority ("HKHA") started to install RE facilities in the public housing estates under its management as early as 10 years ago, to generate electricity for meeting about 1.5% of the electricity demand in common areas. Regarding Prof Joseph LEE's enquiry about the number of households in public housing estates using the electricity generated by solar energy, DSEN advised that HKHA mainly installed solar power systems in common areas. The incumbent of the proposed post would continue to promote RE in government departments and organizations outside the Government and coordinated relevant projects, but it was difficult to estimate the number of organizations that could be approached at present.

49. Dr CHENG Chung-tai expressed opposition to the creation of the proposed post. He was concerned about the need for Hong Kong to cooperate with the Mainland for achieving the carbon reduction target under the Paris Agreement. He enquired about the details of the regional co-operation. He also enquired whether the proposed post would deal with the nuclear safety issue relating to Hong Kong and the Mainland.

50. DSEN advised that the Paris Agreement had set a target of keeping the global average temperature increase to below two degrees Celsius above pre-industrial levels. As the target was also applicable to Hong Kong, Hong Kong had the responsibility to strive to reduce carbon emissions. Currently, there were three main sources of carbon emissions in Hong Kong, including local electricity generation (around two-thirds), transport (around 18%) and waste management (around 7%). In view of the above, Hong Kong had to improve the fuel mix for electricity generation. In this regard, the Government had asked the two power companies to replace their coal-fired generating units due to retire with gas-fired generating units in line with the Bureau's long-term strategy. However, natural gas was a fossil fuel after all, and even if its carbon emissions were lower than those of coal, it would not help achieve zero carbon emission. Hong Kong had been importing nuclear power from

Daya Bay Nuclear Power Station since 1994, with such nuclear power accounting for a quarter of the overall energy mix. The Government hoped to explore more zero-carbon energy sources, and the proposed post would have an important role to play in the development of local RE.

Development of the electricity market and enhancing interconnection with the Mainland

51. Mr KWONG Chun-yu opined that Hong Kong was a late starter in RE development and RE was not widely used, lagging behind places such as South Korea and Singapore. One of the key reasons was that the two power companies monopolized the electricity market under the protection of SCAs and had no intention to develop RE, causing the electricity price to stay high for a long time. He enquired whether the creation of the proposed post could resolve the problem of the two power companies monopolizing the electricity market, to ensure the return of the electricity tariffs to the public.

52. Mr WU Chi-wai was dissatisfied with the content of SCAs which allowed the two power companies to earn permitted returns based on their fixed assets, and increase their capital investments (e.g. by launching FiT Schemes) on grounds of carbon reduction, and in turn increase electricity tariffs, which was tantamount to obtaining double subsidies.

53. DSEN advised that the post-2018 SCAs had introduced new measures in order to allow the two power companies to share their profits with the public. The main measures included:(a) enhancing the incentive schemes in relation to the promotion of energy efficiency and conservation under SCAs; (b) launching FiT Schemes and RE certificates, etc. to promote distributed RE development in the community; (c) adopting a more frequent Fuel Clause Charge adjustment mechanism; (d) raising where appropriate the incentive and penalty thresholds in relation to operational performance; and (e) introducing a new performance indicator of grid supply restoration. The Government had studied the impact of FiT Schemes on electricity tariffs, and the findings showed that the impact was minimal (around 1%), but the benefits would be significant as they would enhance understanding of climate change by the public and encourage them to use RE.

54. Ms Claudia MO cited paragraph 14 of EC(2018-19)27 which stated that "ENB would commission a study with the power companies to look into the detailed arrangements for strengthening the interconnection between the Mainland and Hong Kong, as well as that between the existing grids in Hong Kong". She sought for the details of the above enhanced

interconnection arrangements with the Mainland, e.g. whether it was necessary to increase the amount of electricity imported from the Mainland to 50%.

55. Citing paragraphs 22 and 23 of the Report on the Public Consultation on Future Fuel Mix for Electricity Generation in Hong Kong published in 2015, Mr Alvin YEUNG said that the two power companies had reservations about strengthening interconnection with the Mainland. He asked whether there was any change in the stance of the two power companies and enquired about the Administration's follow-up to the above report. Dr KWOK Ka-ki enquired whether the two power companies would close down if the Government planned to import more electricity from the Mainland.

56. DSEN responded that Hong Kong currently imported around 25% of electricity from the Mainland. The existing SCAs took effect from 2018 and would expire in 2033, during which the Government would discuss the future development of the electricity market and conduct the study on enhanced interconnection with the two power companies and it would not rule out the possibility of importing other energy from the Mainland. According to the views collected in the public consultation on the Future Fuel Mix for Electricity Generation for Hong Kong, the majority of the public tended to support increasing the use of natural gas for local electricity generation. The Government had formulated SCAs along this direction, requiring the two power companies to replace retired coal-fired generating units with gas-fired generating units as far as possible. With the recent completion and commissioning of two gas-fired generating units, the proportion of natural gas in the fuel mix substantially increased from around 29% in 2019 to around 50% in 2020. In addition, the Government also accepted the proposal of the two power companies to build an offshore liquefied natural gas terminal in Hong Kong to provide more flexibility in procuring natural gas from different places and enhance the capacity of electricity generation by natural gas.

57. Mr Kenneth LEUNG queried the unclear division of responsibilities between ENB and the Commerce and Economic Development Bureau in terms of the development of the electricity market, and enquired about the progress of building the offshore liquefied natural gas terminal. He was of the view that the project was very helpful in reducing carbon emissions, and if no progress had been made so far, it was difficult to convince members to support the creation of the proposed post.

58. DSEN advised that the energy policy, including the project to build an offshore liquefied natural gas terminal, was under ENB's purview. It

was expected that the two power companies would commence the construction works in the fourth quarter of 2020 and that the terminal would be commissioned in the first quarter of 2022.

Review of the Charter on External Lighting

59. Criticizing the Charter on External Lighting ("the Charter") for its ineffectiveness, Mr SHIU Ka-chun enquired whether the creation of the proposed post could facilitate the legislative work on the regulation of external lighting nuisance; whether it was necessary to increase the number of enforcement officers to step up prosecution against offenders after the enactment of the legislation; and how to encourage more units to sign the Charter. Mr WONG Ting-kwong also enquired whether the specific responsibilities of the proposed post would include tackling the problem of light pollution.

60. DSEN clarified that the review of the Charter fell under the portfolio of PAS(EG). The Government appointed the Working Group on External Lighting in August 2018 to review the effectiveness of the Charter. The Government would consider the next step forward based on the review findings and recommendations of the Working Group. PAS(EG) added that the opinion survey commissioned by ENB to gauge the views of various sectors towards the current situation and regulation of external lighting had been completed. The consultants were consolidating the findings, and would submit the report to the Working Group for discussion when it was completed.

Review of dedicated liquefied petroleum gas filling stations

61. Mr Jeremy TAM said that he found it difficult to support the creation of the proposed post. He was concerned about the difference in liquefied petroleum gas ("LPG") prices between dedicated LPG filling stations and non-dedicated LPG filling stations, which had led to the problem of vehicles queuing up for refilling at dedicated LPG filling stations. Noting that the leases of dedicated LPG filling stations would soon expire, he enquired whether PAS(EG) would take the opportunity to review the above problem. DSEN clarified that matters relating to dedicated LPG filling stations were under the purview of the Air Stream of EPD.

Taxation issues

62. Mr Kenneth LEUNG enquired PSFST(T) whether the grace periods allowed for deferred payment of tax by the public/enterprises had expired.

PSFST(T) stated that in the light of the impact of the epidemic, the Government had extended the payment dates for some taxes. With the resumption of public services, the grace periods had expired. However, if there was a need for individual taxpayers to apply for payment of tax by instalments due to their own specific circumstances, they would still be required to pay surcharges even if their applications had been approved in the past. Having regard to the current economic situation, the Government would waive the surcharges if the applications for payment of tax by instalments were approved and the waiver period had not yet expired.

63. Mr Kenneth LEUNG requested the Administration to provide information on the revenue intake of Hong Kong for 2019-2020, including the percentage and amount of the second instalment of profits tax and salaries tax paid (if any), as well as the Administration's financial resources, so as to illustrate whether the proposed creation of the post was financially sustainable.

64. PSFST(T) stated that in the light of the economic downturn, the Government allowed the public/enterprises to defer tax payment, but the provision of grace periods would not affect the final tax revenue. As pointed out by the Financial Secretary, a higher fiscal deficit was expected for the 2020-2021 financial year, but the Government would carefully examine any financial proposal before submitting it to FC to ensure that it was financially viable. She undertook to provide the information requested by Mr Kenneth LEUNG after the meeting.

[*Post-meeting note:* The supplementary information provided by the Administration was circulated to members vide LC Paper No. FC28/20-21(01) on 6 November 2020.]

65. At 5:08 pm, the Deputy Chairman directed that the meeting be suspended.

66. The meeting resumed at 5:18 pm. The Chairman took the chair.

67. At 6:57 pm, the Chairman declared the meeting closed.