ECF Paper 28/2015-16
For Discussion

Funding Proposal for Continuing to Engage Electrical and Mechanical Services Trading Fund to Provide Support for the Operation of the Buildings Energy Efficiency Funding Schemes

Purpose

This paper seeks Members' views on the proposal to recommend the Trustee to allocate HK$7,281,000 for the manpower resources to be provided by the Electrical and Mechanical Services Trading Fund (EMSTF) from 2016 - 2017 to support the operation of the Buildings Energy Efficiency Funding Schemes (BEEFS).

Background

2. With the support of Energy Conservation Projects Vetting Subcommittee (ECPVSC), the ECF Committee approved on 30 December 2008 to allocate $450 million from the ECF to implement the BEEFS to promote building energy efficiency. BEEFS subsidises building owners on a matching basis to carry out energy-cum-carbon audits (ECA) and projects to improve the energy efficiency performance of building services installations (EEP) for communal use of the buildings. The BEEFS were closed on 7 April 2012 as the fund had been fully allocated or committed.

3. The ECPVSC supported vide ECPVSC paper 3/2008-09 the arrangement to entrust the EMSTF to provide professional support for the operation of the BEEFS. This arrangement was approved by the ECF Committee vide ECF paper 46/2008-09 in December 2008.

4. The manpower provisions approved for the past years are set out below.

Service Year	**Approved Dedicated Team Composition**				**Resource Allocated**
	Engineer	**Inspectorate**	**Technical Officer**	**Management Support Officer/ Assistant Clerical Officer**	**(HK$)**
Year 1 (2009) (first half)	1	2	2	2	8,075,000
Year 1(second half)	5	6	2	2	
Year 2 (2010)	5	6	2	2	11,811,000
Year 3 (2011)	5	6	2	2	11,811,000
Year 4 (2012)	4	4	2	2	9,666,000
Year 5 (2013)	2.5	1	1	1.5	5,035,000
Year 6 (2014)	1	1	0	1	2,740,000
Year 7 (2015)	1	1	0	1	2,876,000
Year 8 (Jan – May 2016)	1	1	0	1	1,258,000

5. The approved funding to support the operation of the BEEFS Office by EMSTF up to 31 May 2016 was approved by ECF in January 2013. As many of the approved projects are still ongoing and disbursement of funds may not complete until 2017, it is necessary to seek sufficient resources to support the continuous operation of the BEEFS Office after 31 May 2016 and up to end 2017.

Manpower Requirement for Service from June 2016 Onward

Estimated workload

6. Approval has been granted to 1,203 cases, including 1,069 energy efficiency projects (EEP) and 134 energy-cum-carbon audits (ECA). As at 1 December 2015, 61 EEP and ECA projects had been terminated due to unsatisfactory progress by the applicants, and 112 projects had been withdrawn by the applicants. As for the remaining 965 EPP and 65 ECA projects, 389 EEP projects and 34 ECA projects have their works and disbursement completed, leaving 576 EEP and 31 ECA projects that require on-going post-approval monitoring and assessment work (about 50% of all approved cases). Details about the post-approval monitoring work in the coming years is shown in the table below:

Types of Project	No of On-going Projects	Status	Major Tasks
1) EEP	303	Project completed and ready for disbursement	• Vetting completion reports • Conducting site checks to verify project completion • Vetting of disbursement documents such as receipts and audit reports • Processing fund disbursement
	193	Projects in progress	• Monitoring project progress • Vetting submissions such as applications for extension of time and change in person-in-charge, etc. from applicants and checking project compliance with Guide to Application, such as compliance with the tendering procedures • Conducting site visits to verify works progress • Processing applications for project variation, projects extension, and exemption from the requirement to appoint the lowest bidder, etc. • Vetting completion reports and processing fund disbursement upon completion of projects

	80	Inactive	• Checking project progress and to recommend termination if the applicants have no intention to proceed
2) ECA	31	Projects in progress	• Monitoring project progress • Vetting of energy-cum-carbon audit reports submitted by applicants • Vetting of disbursement documents such as receipts • Processing fund disbursement

7. For the 193 EEP projects that are in progress, it is anticipated that the works will be largely completed by late 2016 and the verification and disbursement works are expected to complete by late 2017. For the 31 on-going ECA projects, it is anticipated that audits and disbursements would be completed in 2017. The time taken to complete these projects has been much longer than expected due to a number of factors, including the long time taken for the building owners to raise sufficient funds and to agree on the selection of contractors, change in management company of the buildings or change in chairmanship of the owners' committee, and the delay caused by the procurement of the necessary installations and unforeseen site issues, etc. As for the 80 projects that have yet to commence, with the agreement of ECPVSC on 29 April 2015, EMSTF has commenced a review of the long outstanding cases and would consider recommending to ECPVSC termination of cases if no concrete progress has been made by the applicants. The target is to complete the processing of BEEFS cases before end 2017.

Manpower Requirement

8. At present, the BEEFS Office comprises 1 Engineer, 1 Inspector and 1 Management Support Officer (MSO). To ensure effective monitoring of on-going projects, proper scrutiny of completion reports and thorough vetting of disbursement documents, it is necessary to retain the present team to monitor the progress of the outstanding projects and to process fund disbursement. It is therefore proposed to maintain the resources at the current level from January 2016 to December 2017.

Proposed Budget

9. To meet the operational requirement arising from the administration and monitoring of the ongoing projects, a total budget for EMSTF manpower at HK$7,281,000 is required to maintain the current level of manpower from 2016 to 2017. Details of the budget are set out below:

Service Year	Proposed Dedicated Team Composition				Required Resource
	Engineer	Inspectorate	Technical Officer	Management Support Officer	(HK$)
Year 8 (2016)	1	1	0	1	3,569,000
Year 9 (2017)	1	1	0	1	3,712,000
Total :					7,281,000

10. As a budget of $1,258,000 had been approved in January 2013 for the operation of the BEEFS Office from January to May 2016, the additional allocation required is HK$6,023,000. The additional allocation comprises (a) additional resource requirement for January to May 2016 arising from salary adjustment and the increase in staff costs[1]; and (b) the resource requirement from June 2016 to December 2017.

11. ECPVSC was consulted on 23 September 2015 and had no objection to the proposal for seeking additional allocation to support the operation of the BEEFS Office up to end 2018. However, in the light of the progress made since September 2015, we believe it would be possible to complete the processing of BEEFS cases before end 2017. We would therefore propose allocating resources to support the continuous operation of the BEEFS Office up to end 2017, instead of end of 2018 as originally proposed.

12. We would review the situation and consult ECF and ECPVSC should there be a need for further manpower requirements after end 2017 in the light of the progress of the funded projects and the actual workload involved in handling those projects.

[1] The non-civil servant engineer in BEEFS Office has been replaced by a civil servant. This would increase the staff cost by about 18% in 2016.

Advice Sought

13. Members are invited to consider recommending to the Trustee the proposed allocation for funding as detailed in paragraphs 9 and 10 above.

Environment Bureau
January 2016