

**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:

- (a) to enhance the strength of the dedicated project team of the Electrical and Mechanical Services Trading Fund (EMSTF) in the third service year (2011), by increasing the allocation from \$9,666,000 to \$11,811,000; and
- (b) to allocate \$9,666,000 for continuing the engagement of EMSTF in the fourth service years (2012),

to support the operation of the Buildings Energy Efficiency Funding Schemes (BEEFS).

**Background**

2. The Energy Conservation Projects Vetting Subcommittee (ECPVSC) and the Environment and Conservation Fund (ECF) Committee supported vide ECPVSC paper 3/2008-09 and ECF paper 46/2008-09 respectively, to entrust the EMSTF to provide professional support for the operation of the BEEFS. The manpower of the EMSTF's dedicated project team set up in 2009 was designed with the capacity to handle a maximum of 210 successful applications, including 60 Energy Efficiency Projects (EEP) and 150 Energy-cum-carbon Audit (ECA) applications. Subsequently, the manpower arrangement was reviewed in July and November 2009 in view of the influx of applications. With the support of ECPSVC in July 2009 and ECF Committee vide ECF paper 33/2009-10, the manpower provision for the second (2010) and third (2011) service years was increased over that of 2009. The approved manpower provision for the three service years are set out below :

<b>Service Year</b>	<b>Approved Dedicated Team Composition</b>			
	<b>Engineer</b>	<b>Inspectorate</b>	<b>Technical Officers</b>	<b>Management Support Officer (MSO)/ Assistant Clerical Officer (ACO)</b>
Year 1 (2009) (first half)	1	2	2	2
Year 1(second half) and Year 2 (2010)	5	6	2	2
Year 3 (2011)	4	4	2	2

**Manpower Requirement for the Third (2011) and Fourth Service Years (2012)**

Estimated Workload

3. As at 9 February 2011, 1,306 applications (1,094 applications for EEP and 212 applications for ECA) have been received; and 679 applications (558 applications for EEP and 121 applications for ECA) have been approved. Taking into account the latest number of applications received and approved, the EMSTF conducted a manpower review in December 2010 and worked out the projected workload for 2011. For 2011, the number of applications to be received and approved is estimated as follows :

No. of new applications to be received	302
No. of applications to be approved (including applications received in previous years)	379

4. Apart from processing applications, another focus of work in 2011 is the post-approval monitoring and assessment on approved projects. In this connection, we have earlier reported to the ECPVSC that the Independent Commission Against Corruption (ICAC) had conducted a study on the operation of BEEFS. In its Assignment Report No. 53/2009 issued in December 2009, ICAC recommended that the EMSTF should take the following post-approval assessments measures:

- (a) to conduct random post-approval site inspections and keep a record of findings on file;
  - (b) to draw up a checklist for inspection of procurement activities carried out by the grantees (e.g. the number of tenders, approval authority and any justification for not accepting the lowest bid, etc.); and
  - (c) to check with the organisations concerned to ensure the grantee has not claimed double subsidy for the same project under different funding schemes<sup>1</sup>.
5. In view of the volume of applications approved in the first and second service years (i.e. over 600), as well as the estimated number of applications to be received, we have to put in place sufficient manpower for :
- (a) **processing new applications**, including to study and assess each application, conduct pre-approval site visits, liaise with applicants and request for additional information if necessary, prepare the engineering assessment reports and submit recommendations to the approving authority for consideration, etc.; and
  - (b) **post-approval monitoring and assessment work**, e.g. inspection of procurement activities, checking against double subsidy, processing of funding reimbursement applications, collections of reports, etc.
6. On top of the above, the EMSTF would also be responsible for the **publicity** of BEEFS.

### **Manpower Requirement**

7. Given the latest development and projected volume of work, we consider that there is a need to enhance the manpower for 2011 over that previously approved by the ECF Committee. We **suggest** that the manpower strength for 2011 should be kept at the same level as 2010, so as to meet the workload outlined in paragraphs 3-6.

8. To facilitate longer term planning on manpower deployment, we also **suggest** a manpower plan for 2012 (see paragraph 9) to meet the operational requirements before BEEFS ceases to accept new applications from April 2012 onwards (i.e. 3 years after it first came into implementation in April 2009) as planned. Thereafter, the workload on processing new applications and publicity

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<sup>1</sup> Other funding schemes that may offer funding for the same project include Operation Building Bright, Building Maintenance Incentive Scheme, Building Rehabilitation Loan Scheme and Building Safety Loan Scheme.

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For Discussion**

will decrease, and the manpower would be dedicated to process the post-approval monitoring and assessment work. As such, there will be room for downsizing the project team after 2011.

**Proposed Budget**

9. The ECF Committee, vide ECF paper 33/2009-10, approved a budget of \$9,666,000 for the original manpower proposal for 2011. Given the proposed enhanced manpower proposal for 2011, and the manpower proposal in 2012, the proposed budget for manpower in these two years is set out below :

<b>Service Year</b>	<b>Dedicated Team Composition</b>				<b>Required Resource (HK\$)</b>
	<b>Engineer</b>	<b>Inspectorate</b>	<b>Technical Officer</b>	<b>Management Support Officer</b>	
<i>Year 3 (2011) (original)</i>	<i>4</i>	<i>4</i>	<i>2</i>	<i>2</i>	<i>9,666,000</i>
<i>Year 3 (2011) (proposed)</i>	<i>5</i>	<i>6</i>	<i>2</i>	<i>2</i>	<i>11,811,000</i>
<i>Year 4 (2012) (proposed)</i>	<i>4</i>	<i>4</i>	<i>2</i>	<i>2</i>	<i>9,666,000</i>

10. The above proposal was endorsed by the Energy Conservation Projects Vetting Subcommittee on 19 January 2011.

**Advice sought**

11. Members are invited to consider recommending to the Trustee the enhanced manpower provision for 2011 and 2012 for the dedicated project team and the proposed allocation of funding as detailed in paragraph 9.

**Environment Bureau  
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