LCQ7: Research, Academic and Industry Sectors One-plus Scheme

Following is a question by Professor the Hon William Wong and a written reply by the Secretary for Innovation, Technology and Industry, Professor Sun Dong, in the Legislative Council today (January 31):

Question:

On October 18 last year, the Innovation and Technology Commission launched the Research, Academic and Industry Sectors Oneâ€‘plus Scheme (the Scheme) and started accepting applications for the first application solicitation exercise until November 30. The Scheme provides funding on a matching basis to at least 100 research teams from eight universities funded by the University Grants Committee (UGC) which have good potential to become successful start-ups. There are views that some application requirements of the Scheme may constitute barriers to eligible universities in reaching out to reliable investors, while affecting the success rate of applications. In this connection, will the Government inform this Council:

(1) of the respective numbers of applications submitted by various universities for the Scheme;

(2) given the Scheme's requirement that each of the universities can only submit a maximum of 15 applications for each application solicitation exercise, whether, under the situation of having unused quotas in the first application solicitation exercise, applications will be allowed from those universities which have already reached the upper limit of their application quotas or other non-UGC-funded tertiary institutions;

(3) as it is learnt that some large enterprises find it necessary to stipulate a redeemable requirement when they enter into investment agreements with external parties, but the Scheme's requirement that capital investment from the industry must either be a non-repayable cash contribution or an investment with no redeemable requirement has rendered it difficult for universities to seek to co-operate with large enterprises with more robust financial strengths, whether the authorities will review the relevant requirement, so as to ensure that investors can fulfil their investment commitment, while the Scheme can cater for the actual operation of the market;

(4) whether it will review the framework of the assessment criteria of the Scheme (especially the assessment item on financial considerations of projects), and whether it will consider including more assessment considerations (such as the investment value of projects) to enhance the clarity of the assessment criteria;

(5) as it is learnt that when submitting project applications for the first

stage of the Scheme, universities are required to submit at the same time details of their co-operation with investors at both the first and second stages, but there are views that as it takes a maximum of three years for projects to proceed from the first stage to the second stage, during which unpredictable changes are bound to occur, making it extremely difficult to submit at an early stage the relevant co-operation arrangements for the coming few years, whether the Government will consider allowing the applicants to submit details of the co-operation arrangements in the second stage when project applications for that stage are submitted; and

(6) as it is learnt that many companies have not heard of the Scheme, of the details of the authorities' promotion of the Scheme to the industry since the launch of the Scheme, for instance, whether briefing sessions have been held; if so, of the number of such sessions; of the authorities' arrangements to promote the Scheme to the industry before the Scheme starts accepting applications for the second application solicitation exercise?

Reply:

President,

My consolidated reply in response to the questions raised by Professor the Hon William Wong is as follows:

To promote the "1 to N" transformation of research and development (R&D) outcomes and industry development, the Government launched the Research, Academic and Industry Sectors One-plus Scheme (the Scheme) in October 2023 with the aim to unleash potential of local universities in transformation and commercialisation of R&D outcomes, and facilitate relevant collaboration among the Government, industries, universities, and research sectors. It will fund, on a matching basis, at least 100 research teams from eight universities funded by the University Grants Committee (UGC), which have good potential to become successful start-ups.

It is expected that the Scheme would invite two rounds of applications every year. The first application solicitation period ended on November 30, 2023, and a total of 94 applications were received. All applications in each solicitation exercise are assessed collectively, and based on the experience of the first exercise, universities generally submit their applications close to the application deadline. Allowing universities which have already submitted the maximum number of applications to submit additional ones so as to use up the remaining quotas from other universities will affect the progress of application assessment, causing delay in project approval and subsequent fund disbursement. If universities have applications that exceed the maximum number of applications in each round, they can submit them in the subsequent rounds.

The Scheme does not allow investment with redeemable requirement. This is mainly to protect the interests of universities’ R&D teams. Contribution from the industry must be in the form of a non-repayable cash contribution or an investment with no redeemable requirement such that the contribution would not become a potential debt for the project. We hope that both the universities' R&D teams and the industry can enjoy the development opportunities brought by the Scheme while at the same time sharing the associated risks. Besides, the Government's funding support to approved projects on a matching basis under the Scheme has, to a large extent, shared the risks of the industry.

The assessment criteria of the Scheme include (i) the innovation and technology (I&T) component of the project, (ii) commercial viability of project outcomes, (iii) technical and management capability of the team, (iv) relevance of the project with government policies or in overall interest to the community, as well as (v) the financial considerations of the project. We believe that the above assessment criteria have already covered the investment value of relevant projects, which will also be considered holistically by the Steering Committee of the Scheme during assessment.

As regards the project proposals, their overall and long-term development plans, including their project plans in the first and second stages, the project milestones, expected deliverables as well as the financial contribution, can assist the Steering Committee of the Scheme to have a more comprehensive assessment on the overall feasibility and potential of commercialisation of the projects. The Government understands that there might be unpredictable changes during project implementation. Hence, the project team of an approved project is allowed to submit change requests relating to project objectives and plan, which will then be reviewed and approved for implementation according to relevant mechanism. For projects that have yet to enter a more mature stage, universities may consider applying for other funding schemes under the Innovation and Technology Fund as appropriate. When such projects have reached a more mature stage with confirmed investment co-operation between the university and the industry, universities may join the second stage of the Scheme direct.

On promotion, the Government has been maintaining close contact with the eight UGC-funded universities, which are the applicants under the Scheme. Prior to the official launch of the Scheme, a large-scale forum was organised by the Government to introduce the details of the Scheme and address questions from around 200 participants from the eight universities. We are aware that the universities have been maintaining close liaison with the industry to proactively seek investors for their projects. The Government will continue to promote the Scheme to the relevant sectors on suitable occasions.

We are making an all-out effort to follow up with the assessment of applications received in the first round, with a view to announcing the results in the first quarter of 2024. The Government will, drawing from the experience of the first round of applications, review the various arrangements of the Scheme as necessary, e.g. its application procedures, assessment criteria. We hope a more refined Scheme would promote collaboration among the industry, academic and research sectors, incentivise the transformation and commercialisation of R&D outcomes, and develop Hong Kong as an international I&T centre.

LCQ10: Penalty scheme for power supply incidents

Following is a question by the Hon Joephy Chan and a written reply by the Secretary for Environment and Ecology, Mr Tse Chin-wan, in the Legislative Council today (January 31):

Question:

CLP Power Hong Kong Limited (CLP) experienced two power supply incidents this month. On the 1st of this month, a fault occurred in the equipment of CLP's Nga Ying Chau Street Substation in Tsing Yi. CLP reported that no electricity shortage was found during the period but short voltage dips were resulted from the incident. It is learnt that some members of the public were materially affected, such as being trapped in lifts and unable to use the lifts normally. In addition, on the 7th of this month, a fault occurred in an underground cable at On Mei House, Cheung On Estate in Tsing Yi, leading to partial power supply interruption at On Mei House, affecting more than 300 CLP customers. In this connection, will the Government inform this Council:

(1) given that the new penalty scheme introduced under the 2023 interim review on the Scheme of Control Agreements is for large-scale electricity supply interruptions, and that no electricity shortage was found in the aforesaid incident involving the Nga Ying Chau Street Substation, and therefore the penalty scheme was not triggered, whether the Government will consider including this type of incident in the scope of the penalty scheme; if not, whether the Government will consider enhancing the penalty scheme (e.g. by including in the relevant scope instances of unstable electricity supply which have a material impact on members of the public) in order to enable the two power companies to bear their due social responsibilities and improve their service standards;

(2) as it is reported that the index of Customer Interruption Duration (CID) (i.e. the sum of the product of "number of customers being interrupted" and "duration of power interruption" for each group of affected customers for each large-scale electricity supply interruption incident) of the aforesaid incident involving the underground cable at On Mei House was approximately 30 000-odd minutes, and hence the penalty scheme was not triggered, there are views that the threshold set for the index (i.e. 15 000 000 minutes) under the penalty scheme is too high, whether the Government has reviewed if the penalty scheme is ineffective in preventing the occurrence of power supply incidents of the two power companies and is virtually non-existent;

(3) who defined "each group of affected customers" in the calculation of CID and of the criteria adopted; whether the Government grasps such definition and criteria; and

(4) given that the Electrical and Mechanical Services Department has requested CLP to expeditiously identify the causes of the two aforesaid incidents and submit detailed reports on such incidents respectively, whether the Government will conduct a review on the relevant reports to ensure that the data provided by CLP is consistent with the actual situation?

Reply:

President,

The Government is very concerned about CLP Power Hong Kong Limited (CLP)'s two power incidents, which were not caused by external factors such as adverse weather, in January 2024. The incidents affected the daily life and aroused concern of the public. Subsequent to the two incidents, the Electrical and Mechanical Services Department (EMSD) immediately sent staff to the site to conduct investigation, followed up with the CLP on the development of the incidents, and monitored the progress of the repair work.

Regarding the incident of Nga Ying Chau Street Substation in Tsing Yi on January 1 and the power supply incident in On Mei House, Cheung On Estate, Tsing Yi, on January 7, the EMSD earlier requested the CLP to identify the causes of the incidents and submit investigation reports on the incidents within four weeks and two weeks respectively. Thereafter, the EMSD had a meeting with the CLP on January 8 and requested the CLP to immediately strengthen inspections on the power supply system in Tsing Yi district, targeting to complete all inspections within January 2024, as well as review the maintenance arrangements of the territory-wide transmission and distribution system.

The EMSD received on January 20 the investigation report submitted by the CLP on the power supply incident of On Mei House, Cheung On Estate, Tsing Yi, on January 7, and received on January 27 the investigation report on the incident of Nga Ying Chau Street Substation in Tsing Yi on January 1. The EMSD is now examining the reports, including assessing whether the identified causes are well-founded and whether the rectification measures are adequate to prevent recurrence of similar incidents. The EMSD will request the CLP to make clarifications or provide further information if needed.

Up till now, the CLP has already completed inspections on the power supply system in Tsing Yi district and confirmed that the concerned facilities are in normal operation. The EMSD has reviewed the inspection work and found no abnormality. The CLP will also continue to review the maintenance arrangements of the territory-wide transmission and distribution system. In view of the recent electrical incidents, the EMSD will step up inspections of the facilities and operations of the two power companies to monitor their technical and electrical safety performance.

Regarding the various parts of the question raised by the Hon Joephy Chan, our consolidated reply is as follows:

(1), (2), (3) and (4) The objectives of the Government's energy policies are to ensure energy needs of the community are met safely, reliably and efficiently at reasonable prices, to minimise the environmental impact of energy production and use, and to promote the efficient use and conservation of energy. The Scheme of Control Agreements (SCAs) provide a framework for the Government to monitor the corporate affairs of the power companies. By signing the SCAs, the power companies pledge to provide sufficient facilities to meet the electricity demand, and are responsible for the provision, operation and proper maintenance of their facilities. In addition, the power companies must strictly abide by their responsibilities, including maintaining high efficiency and quality in terms of reliability of power supply.

In accordance with the SCAs, the Government conducts annual Auditing Review with the power companies with regards to technical, environmental and financial performance, including customer performance, of the power companies. Under the mechanism, an incentive and penalty mechanism has been established. The performance indicators relating to the stability of power supply are: (1) "Supply Reliability", which is the measure of the "Average Service Availability Index (ASAI)" achieved by the power companies in that year; and (2) "Supply Restoration", which is the measure of the "Average Grid Supply Restoration Time (Average GSRT)" achieved by the power companies in that year.

The Government completed the 2023 Interim Review of the SCAs with the two power companies at the end of 2023. After rounds of negotiations between the Government and the two power companies, with a view to enhancing the existing incentive and penalty mechanism in the SCAs, the two power companies eventually agreed with the introduction of a new penalty scheme for large-scale electricity supply interruptions. The new penalty scheme (Note 1), which targets serious large-scale electricity supply interruption incidents such as the CLP Cable Bridge Fire Incident on June 21, 2022, etc, is based on a new performance indicator of "Customer Interruption Duration" (CID) with details below:

Threshold		Penalty Adjustment on Permitted Return
CLP	The Hongkong Electric Company	
30 000 000 minutes > CID >= 15 000 000 minutes	10 000 000 minutes > CID >= 5 000 000 minutes	-0.015%
CID >= 30 000 000 minutes	CID >= 10 000 000 minutes	-0.03%

CID is the sum of the product of "number of customers being interrupted" and "duration of power interruption" expressed in minutes for each group of affected customers for each large-scale electricity supply interruption incident (Note 2). "Affected customers" refers to the power companies' customers whose electricity supply is interrupted by power interruptions. Introducing the new penalty scheme for large-scale electricity supply interruption incidents complements the existing incentive/penalty mechanisms with "ASAI" and "Average GSRT", thereby enhancing the overall incentive and penalty mechanism of the SCAs.

The incentive and penalty mechanism in the SCAs is calculated on the basis of annual settlement and all power supply interruption incidents of the power companies are included in the calculation. The Government will visit the two power companies to sample and verify the relevant records and information submitted by the power companies during the annual Auditing Review, including information relevant to power supply incidents, to ensure the accuracy of the performance data provided by the power companies.

Note 1: Incidents subject to the new penalty scheme will not be counted for incentives/penalties under "ASAI" or "Average GSRT".
Note 2: A single incident may cause supply interruptions to more than one group of customers with different interruption durations. Therefore, summation is required to get the total customer interruption duration for a single incident.

Temporary closure of park located east of Fan Kam Road from February 14

The Leisure and Cultural Services Department (LCSD) announced today (January 31) that the park located east of Fan Kam Road (i.e. area of hole 1-8 of the Old Course of the Fanling Golf Course) will be temporarily closed from February 14 to March 11 to facilitate the holding of LIV Golf Hong Kong at the Fanling Golf Course. The fee-charging carpark will not open for public use from March 4 to 11 during the course of the event. The 5-a-side hard-surface soccer pitches will not be affected. Users can access the pitches via a path adjacent to the park's entrance.

Upon completion of the event, the LCSD will reopen the park and the fee-charging public carpark as soon as possible after inspection and maintenance, and a separate announcement will be made. For enquiries, please contact the venue staff at 5190 6058 or the North District Leisure Services Office at 2679 2819.

Applications invited for SCOLAR Sponsorship Projects 2024/25

The following is issued on behalf of the Standing Committee on Language Education and Research:

The Standing Committee on Language Education and Research (SCOLAR) today (January 31) invited eligible local organisations to submit applications for the Sponsorship Projects 2024/25. The application deadline is noon, March 11.

With funding support from the Language Fund, the Sponsorship Projects aim at engaging community partners in organising language-related and event-based or competition-based projects in the community for promoting biliteracy (Chinese and English) and trilingualism (Cantonese, Putonghua and spoken English).

Application guidelines and information on the online briefing session are available on the SCOLAR webpage (www.scolar.gov.hk).

LCQ1: Enhancing the work on employees retraining

Following is a question by Dr the Hon Ngan Man-yu and a reply by the Secretary for Labour and Welfare, Mr Chris Sun, in the Legislative Council today (January 31):

Question:

As pointed out in the 2023 Policy Address, the Employees Retraining Board (ERB) will review its service scope, training strategies and operation mode, etc, and submit recommendations in the third quarter of this year. On the other hand, the Government commenced the new round of Manpower Projection (MP) in July last year to gauge the manpower requirements up to 2028. In this connection, will the Government inform this Council:

(1) whether the ERB will draw reference from the data projected by the new round of MP in its review, and introduce reforms in the light of the manpower market and the demand for new skills, so as to tie in with economic development and meet the needs for manpower training;

(2) given that the eligibility criteria of the Employees Retraining Scheme have been relaxed since December 2007 to cover persons with education level at sub-degree or below, whether the authorities will consider further

relaxing the eligibility criteria, including studying the removal of the limit on highest education attainment for enrolment, so as to encourage persons with high educational attainment to pursue continuing education; and

(3) as there are views pointing out that subsidised programmes concerning continuing education and skills upgrading are currently under the purview of different organisations, which may easily lead to course duplication or fragmentation, etc, and hinder the utilisation of resources as well as the coordination and integration of courses, whether the authorities will, in the long run, study putting the Continuing Education Fund under the supervision of the ERB, and having the ERB in charge of the deployment of various types of resources for continuing education?

Reply:

President,

The Government has been committed to nurturing local talent, with provision of significant resources to promote training and retraining so as to enhance the quality and productivity of our local labour force. This at the same time encourages more citizens to enter or re-enter the labour market for unleashing the potential labour force. The Employees Retraining Board (ERB) plays an important role in training the local workforce.

Since its establishment in 1992, the ERB has been providing comprehensive and diversified training and retraining services for the local workforce. Currently, the ERB's major service targets are job-seeking or unemployed local people aged 15 or above with education attainment at the sub-degree level or below. The ERB through approximately 80 training bodies offers around 700 market-oriented training courses for eligible persons, straddling across 28 industries and generic skills.

Over the past period, there have been drastic demographic and structural changes locally. Coupled with the increasingly wide application of technologies across various industries, employers' manpower demand has thus changed. As a result, workers with diverse experience and qualifications are in need for different training and continuous learning. Therefore, the Chief Executive in the 2023 Policy Address invited the ERB to conduct a comprehensive review to promote lifelong learning and skills upgrading for all having regard to Hong Kong's future economic development and manpower training needs.

The ERB's comprehensive review is instrumental to the future development of local manpower training. The review covers key areas of the ERB's services, including its service targets, training strategies, operation mode. The ERB is undertaking the review and has established a dedicated Steering Committee to oversee the process. The Steering Committee is now collecting views through extensive consultation with relevant stakeholders from various sectors.

Dr the Hon Ngan Man-yu's question touches on three major areas, including: (1) the alignment of the provision of the ERB's training courses with the future economic development and emerging skills in the market; (2) the relaxation of eligibility criteria of the service targets in relation to academic qualifications; and (3) the clear positioning of the ERB to consolidate different training resources to enhance efficiency while avoiding duplication in its services with other training institutions and government-funded programmes. These issues raised by the Hon Ngan are precisely the important areas that the ERB's review will cover. In fact, many stakeholders in the ongoing consultation have provided constructive comments on these aspects.

The ERB's review is still underway. The Steering Committee will thoroughly analyse the suggestions gathered during the consultation to formulate appropriate and feasible recommendations. It will submit a report to the Government in the third quarter of this year. The Government does not have a pre-determined position on the review, but has been encouraging the ERB to conduct the review with a forward-looking and open-minded approach to identify strategies relevant to the future direction of the manpower training in Hong Kong. At this stage, the Labour and Welfare Bureau is unable to provide further information regarding the Hon Ngan's question.