

立法會
Legislative Council

LC Paper No. FC41/00-01
(These minutes have been
seen by the Administration)

Ref : CB1/F/1/2

Finance Committee of the Legislative Council

**Minutes of the 3rd meeting
held at the Legislative Council Chamber
on Friday, 1 December 2000, at 2:30 pm**

Members present:

Dr Hon Philip WONG Yu-hong (Chairman)
Hon NG Leung-sing (Deputy Chairman)
Hon Kenneth TING Woo-shou, JP
Hon James TIEN Pei-chun, JP
Hon David CHU Yu-lin
Hon Cyd HO Sau-lan
Ir Dr Hon Raymond HO Chung-tai, JP
Hon LEE Cheuk-yan
Hon Martin LEE Chu-ming, SC, JP
Hon Eric LI Ka-cheung, JP
Dr Hon David LI Kwok-po, JP
Hon Fred LI Wah-ming, JP
Prof Hon NG Ching-fai
Hon Margaret NG
Hon Mrs Selina CHOW LIANG Shuk-yee, JP
Hon James TO Kun-sun
Hon CHEUNG Man-kwong
Hon HUI Cheung-ching
Hon CHAN Kwok-keung
Hon CHAN Yuen-han
Hon Bernard CHAN
Hon CHAN Kam-lam
Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP
Hon LEUNG Yiu-chung
Hon SIN Chung-kai

Hon Andrew WONG Wang-fat, JP
Hon WONG Yung-kan
Hon Jasper TSANG Yok-sing, JP
Hon Howard YOUNG, JP
Dr Hon YEUNG Sum
Hon YEUNG Yiu-chung
Hon LAU Chin-shek, JP
Hon LAU Wong-fat, GBS, JP
Hon Mrs Miriam LAU Kin-yee, JP
Hon Ambrose LAU Hon-chuen, JP
Hon Emily LAU Wai-hing, JP
Hon CHOY So-yuk
Hon Andrew CHENG Kar-foo
Hon SZETO Wah
Hon Timothy FOK Tsun-ting, SBS, JP
Hon LAW Chi-kwong, JP
Hon TAM Yiu-chung, GBS, JP
Dr Hon TANG Siu-tong, JP
Hon Abraham SHEK Lai-him, JP
Hon LI Fung-ying, JP
Hon Henry WU King-cheong, BBS
Hon Tommy CHEUNG Yu-yan, JP
Hon Michael MAK Kwok-fung
Hon Albert CHAN Wai-yip
Hon LEUNG Fu-wah, MH, JP
Hon Frederick FUNG Kin-kee
Hon IP Kwok-him, JP
Hon LAU Ping-cheung

Members absent:

Hon Albert HO Chun-yan
Dr Hon LUI Ming-wah, JP
Hon LAU Kong-wah
Dr Hon LO Wing-lok
Hon WONG Sing-chi

Public officers attending:

Miss Denise YUE, JP	Secretary for the Treasury
Mr Stanley YING, JP	Deputy Secretary for the Treasury
Mr K K LAM	Principal Executive Officer (General), Finance Bureau
Mr Paul TANG, JP	Secretary for the Environment and Food

Miss Dora FU	Principal Assistant Secretary for the Environment and Food
Mrs Lessie WEI CHUI Kit-yee, JP	Director of Agriculture, Fisheries and Conservation
Mr M K CHEUNG	Assistant Director of Agriculture, Fisheries and Conservation
Mr A K PATON	Assistant Director of Lands
Mr N H CHAN	Principal Land Executive, Lands Department
Mr Peter WHITESIDE	Chief Geotechnical Engineer, Civil Engineering Department
Ms Lorna WONG	Principal Assistant Secretary for Housing
Mrs Julia WONG	Director (Estate Management), Hong Kong Housing Society
Miss Jennifer MAK, JP	Deputy Secretary for the Civil Service
Mr Vincent LIU	Principal Assistant Secretary for the Civil Service
Mr John LEUNG	Principal Assistant Secretary for Education and Manpower (9)
Ms Susanna CHEUNG	Assistant Director of Education
Ms Michelle LI	Principal Assistant Secretary for Education and Manpower (1)
Prof. TAM Sheung-wai, JP	President of the Open University of Hong Kong
Prof. C M LEUNG	Director of Technology Development of the Open University of Hong Kong

Clerk in attendance:

Ms Pauline NG	Assistant Secretary General 1
---------------	-------------------------------

Staff in attendance:

Miss Polly YEUNG	Chief Assistant Secretary (1)3
Ms Sarah YUEN	Senior Assistant Secretary (1)4

The Chairman alerted members that there were eight discussion items on the agenda. Although all the items had been discussed either at the Subcommittees or respective Panels, some of the proposals might require considerable discussion. Having regard to the view of the Administration on the urgency of the items, he had agreed on this occasion to include all the eight items. However, if there was insufficient time to deal with all the items at this meeting scheduled to last till 4:30 pm, he would suggest to hold an additional

meeting on 8 December 2000 to consider the remaining items. If the meeting on 8 December 2000 was to be held, he might agree to include one or two new proposals on the agenda of that meeting and allow the Administration to provide the relevant discussion papers by 4 December 2000. Members agreed to the aforesaid meeting arrangements.

Item No. 1 - FCR(2000-01)44

**RECOMMENDATIONS OF THE ESTABLISHMENT
SUBCOMMITTEE MADE ON 15 NOVEMBER 2000**

2. The Committee approved the proposal.

Item No. 2 - FCR(2000-01)45

**RECOMMENDATIONS OF THE PUBLIC WORKS SUBCOMMITTEE
MADE ON 8 NOVEMBER 2000**

3. The Committee approved the proposal.

Item No. 3 - FCR(2000-01)46

**CAPITAL WORKS RESERVE FUND
HEAD 701 - LAND ACQUISITION**

Ex-gratia allowances for fishermen affected by marine works projects in Hong Kong waters

4. Members noted that the present proposal had been discussed at the Health Services Panel on 13 November 2000.

5. Mr WONG Yung-kan pointed out that the subject of ex-gratia allowance (EGA) to fishermen and mariculturists affected by marine works projects in Hong Kong waters had been discussed on different occasions, including previous meetings of the Economic Services Panel and the Finance Committee (FC). The present proposal and the proposal under item 4 (FCR(2000-01)47) had taken into consideration the views expressed by Members and the industry. He was therefore in support of both proposals. However, he drew the attention of the Committee to the death of abundant fishes at Ma Wan and Cheung Sha Wan fish culture zones where marine works projects were underway and urged the Administration to investigate into the causes and take follow-up action accordingly. Mr TAM Yiu-chung shared Mr WONG's concerns.

6. Mr Albert CHAN expressed serious concern about the hardship caused to fishermen affected by marine works projects in the past decade or so and urged the Administration to adopt a more considerate and equitable approach in effecting payment of EGAs.

7. Noting that the data obtained from the 1989-91 Port Survey would continue to be used as the basis for calculating EGA, Mr Andrew WONG questioned the reliability of the said data and those obtained from subsequent studies. In reply, the Director of Agriculture, Fisheries and Conservation (DAFC) advised that the Administration had commissioned a consultancy study in 1996-97 which concluded that over-fishing and development works had contributed to a decline in fish catch. However, the impact of each of these two factors could not be precisely apportioned. As such, the Administration had decided to base the calculation of EGA on the data obtained directly from fishermen in the 1989-91 Port Survey and this arrangement had also been accepted by the fishermen.

8. Dr YEUNG Sum pointed out that the homeport system for registering inshore fishing vessels of below 15 metres in length for EGA payment would be unfair to those vessels of over 15 metres but which, for various reasons, could only fish within Hong Kong waters. He urged the Administration to exercise greater flexibility in dealing with cases in which vessels of over 15 metres genuinely operated within Hong Kong waters.

9. In reply, the Secretary for the Environment and Food (SEF) assured members the fishermen claims appeal board could exercise flexibility in dealing with appeal cases from vessels which could not meet the 15 metres criterion.

10. In response to Miss Emily LAU's enquiry about ways to enhance the transparency of the appeal board procedures, SEF advised that the Administration would consider appointing more unofficial members who were familiar with fisheries matters to the appeal board and this would improve its representativeness. In this connection, Dr YEUNG Sum suggested that the appeal board should make known its criteria and considerations for dealing with appeal cases which could not meet the 15 metres requirement. The Administration should also consider appointing representatives of the fishing industry to the appeal board as they were more conversant with the operational difficulties faced by fishermen. SEF agreed to consider Dr YEUNG's suggestions.

Admin

11. In reply to Mr Henry WU King-cheong's enquiry about the estimated increase in the total EGAs payable to fishermen from \$70.5 million to \$115.8 million in the next three years, the Administration would provide the detailed calculations of the estimated increase after the meeting.

Admin

12. Regarding the circumstances leading to the loss of fishing grounds which would give rise to entitlement to EGA, DAFC confirmed that sand dredging works would cause the temporary loss of fishing grounds and hence, the affected fishermen would also be entitled to EGA.

13. The Committee approved the proposal.

Item No. 4 - FCR(2000-01)47

CAPITAL WORKS RESERVE FUND

HEAD 701 - LAND ACQUISITION

Ex-gratia allowances for mariculturists affected by marine works projects in Hong Kong waters

14. Members noted that the present proposal had been discussed at the Health Services Panel on 13 November 2000.

15. Mr WONG Yung-kan expressed support for the present proposal. He nevertheless reiterated his concerns about the death of fishes in fish culture zones (FCZs) following the commencement of marine works projects in the vicinity and urged the Administration to seriously address the problems in conjunction with the industry.

16. As mariculturists were only permitted to operate their fish farms at specified locations, Mr Andrew WONG considered that if their mariculture was directly affected by marine works, they should be eligible for a more favourable EGA package as unlike fishermen, mariculturists could not freely relocate their business elsewhere. Mr WONG also sought the Administration's advice on whether the mariculturists could take legal action to claim compensation if they could prove that their fish growth had been directly affected by marine works. He was particularly concerned whether the affected mariculturists, in accepting the EGA paid by the Government, would have to forfeit their right to pursue claims for compensation in court.

17. In reply, SEF advised that under the proposed arrangement for ex-gratia payment, mariculturists would not be required to prove a causal relationship between marine works and fish kill. They would be eligible for EGA as long as they could meet either the existing "suspended solids tests" or the newly proposed "proximity test". As regards mariculturists' right to legal action, SEF said that generally speaking, a party who wished to claim damages for his losses was at liberty to bring civil proceedings against the responsible party. He confirmed that under the current arrangement, affected mariculturists were not required to waive their right to legal action in order to qualify for the EGA.

18. Mr Albert CHAN asked whether the same mariculturist would be eligible for several payments of EGAs if there were different marine works projects being implemented within 5 kilometres (km) of his fish farm successively. Mr Andrew WONG also raised similar queries.

19. In response, the Administration confirmed that the payment of EGA under the proposed proximity test would be based on individual sand dredging or mud disposal operations. However, where different operations took place within 5 km of his FCZ at the same time, the affected mariculturist would be entitled to a one-off payment of EGA for the first two years of the operations.

20. For further clarification, the Assistant Director of Agriculture, Fisheries and Conservation (ADAFC) advised that in a case where the one-off EGA had been paid under the proximity test for the first two years in respect of a sand dredging or mud disposal operation, EGA in respect of the same operation would not be payable again after the expiry of the first two years, unless the level of suspended solids by then exceeded the prescribed criteria. The perceived environmental risks of the sand dredging or mud disposal operation should have been considerably reduced after two years as a result of the mitigation measures undertaken. As regards the payment of EGA for other projects/operations commenced within the first two years, members noted that consideration for payment for these other projects/operations would only be given after the completion of the first two years.

21. Mr Albert CHAN referred to the devastating effect of reclamation works on mariculture and queried why reclamations were not included under the proposed proximity test for the purpose of granting EGA. Mr CHEUNG Man-kwong and Dr YEUNG Sum also considered that the Administration had adopted a double standard in dealing with sand dredging/mud disposal vis a vis reclamations as all such works would inevitably have an environmental impact on FCZs in the vicinity.

22. In response, the Chief Geotechnical Engineer, Civil Engineering Department (CGE, CED) highlighted the following differences in the impact of the works in question -

- (a) Unlike sand dredging or mud disposal, reclamations released far less sediments into the water. The process of mud dredging at a reclamation site would not allow any overflow. The sand for dumping at reclamation sites was very clean and there was hardly any flow of fine particles into the water. Mitigation measures like those being undertaken at Penny's Bay also helped keep the sediment levels within acceptable limits.

- (b) On the other hand, sand dredging involved the overflow of a lot of water and fine sediments. Mud dumping in open sea disposal sites was done by opening the bottom of the barge or the big dredger and a lot of sediments would inevitably flow into the water column.
23. For clarification, SEF pointed out that while the newly introduced proximity test would only be applicable to sand dredging or mud disposal operations, mariculturists would still be eligible for EGAs under the existing suspended solids test irrespective of the nature of marine works in question as long as the concentration of suspended solids in their FCZs reached the prescribed levels.
24. As to which major works projects might give rise to EGAs following implementation of the improvements under the present proposal, ADAFC advised that apart from mud disposal at Yam O, mariculturists affected by marine works at East Lamma Channel and Tung Lung Chau might also be eligible for EGA.
25. Whilst agreeing that the proposed improvements under the present proposal should be implemented early, Dr YEUNG Sum, Mr CHEUNG Man-kwong and Mr Albert CHAN urged the Administration to review the matter seriously. They pointed out that the policy and technical aspects of whether reclamation works should be included under the proximity test should be further looked into by the relevant Panel(s). In this connection, SEF assured members that the payment of EGA under the new proximity test would be reviewed in the light of operational experience.
26. Dr YEUNG Sum sought clarification on the relationship between marine works, the level of suspended solids and the growth of fish, having regard that the Administration had previously attributed the death of fish to the abundance of bacteria.
27. In reply, ADAFC advised that while the concentration level of suspended solids in a FCZ might have an impact on the growth of fish, its impact would have been considerably reduced as a result of stringent environmental mitigation measures. According to research findings, fish could tolerate concentration level of suspended solids of up to 70 milligrams per litre. In prescribing 50 milligrams per litre as the trigger for EGA, the Administration was adopting a very conservative stance with a view to safeguarding the interests of mariculture operations.
28. Referring to earlier discrepancies in the results obtained from the suspended solids tests carried out by the Government and by the mariculturists, Mr Henry WU enquired whether the testing methodology had in fact been accepted by the mariculturists. CGE, CED replied that according to his

XX
Admin

understanding, the locations of the monitoring points at the fish farms were generally chosen in consultation with the fish farmers and that the fish farmers understood the testing methodology and how it related to EGA.

Admin

29. On the financial implications of the present proposal, Mr Henry WU sought further explanation on the estimated increase of EGAs payable to mariculturists as a result of the improved package. The Administration would provide the information after the meeting.

30. The Committee approved the proposal.

Item No. 5 - FCR(2000-01)48

LOAN FUND

HEAD 251 - HOUSING

Hong Kong Housing Society

♦ **Subhead 116 Home Starter Loan Scheme**

31. Members noted that the present proposal had been discussed at the Housing Panel on 6 November 2000.

32. Mr TAM Yiu-chung was concerned about the slow progress in processing applications from non-elderly singletons for loans under the Home Starter Loan Scheme (HSLS). In response, the Director (Estate Management), Hong Kong Housing Society (D(EM), HKHS) explained that the current loan quota for non-elderly singletons under the Scheme had already been used. The Administration had consulted the Housing Panel earlier on and the Panel had expressed support for the Administration's proposal to increase the quota. If FC approved the present proposal to delegate to the Secretary for Housing the authority to approve adjustments in the said loan quota until the expiry of the Scheme in March 2002, the processing of non-elderly singletons' loan applications under the Scheme would be expedited accordingly.

33. As to the average time taken to process a loan application under the Scheme, D(EM), HKHS advised that at present, a successful loan applicant would be granted the loan within six to eight weeks of the vetting interview if he had decided on the property to purchase.

34. In reply to Mr Henry WU, the Principal Assistant Secretary for Housing (PAS(H)) explained that according to the take-up pattern of non-elderly singleton applicants since the HSLS was extended to them in December 1999, only about 50% of the applicants who succeeded in securing a certificate of eligibility under the Scheme would eventually take up the loan because of various reasons such as not being able to find the suitable property. Addressing Mr WU's concern about the waste of resources as a result of the

low take-up rate, PAS(H) stressed that there was also a need to give successful applicants the freedom to join the Scheme or otherwise having regard to their own circumstances.

35. Mr Albert CHAN asked whether under special circumstances, loan recipients under HSLS could change properties. In reply, PAS(H) reported that the Housing Bureau (HB) was studying the issue in conjunction with other housing assistance schemes. She however assured members that having consulted the Housing Department, the Hong Kong Housing Authority and the Hong Kong Housing Society, HB was of the view that discretion should be exercised to allow change of properties in deserving cases.

36. The Committee approved the proposal.

Item No. 6 - FCR(2000-01)49

HEAD 120 - PENSIONS

- ♦ **Subhead 015 Public and judicial service pension benefits and compensation**
- ♦ **Subhead 700 General other non-recurrent**

Item 002 Compensatory Payments under the Voluntary Retirement Scheme

Item 003 Ex-gratia Payments to early retirees who are Model Scale I officers on Old Pension Scheme in grades designated for the Voluntary Retirement Scheme

37. Members noted that the present proposal had been discussed at the Public Service Panel on 30 October 2000 and 20 November 2000.

38. Mr LAU Chin-shek enquired about the reposting or redeployment arrangements of staff as a result of the planned replacement of 5 000 Voluntary Retirement (VR) posts by other means of service delivery such as outsourcing. In reply, the Deputy Secretary for the Civil Service (DS(CS)) advised that most of the staff so affected would be redeployed after training to fill other posts vacated by staff opting for VR.

39. Mr LAU Chin-shek expressed concern about the impact of the outsourcing exercise on staff and questioned whether training could help reposted or redeployed staff to function properly in the new posts, in particular those relatively junior and unskilled staff such as cleansing workers. In response, DS(CS) assured members that the Administration would spare no efforts in assisting reposted or redeployed staff to adapt to their new posts. In addition, departments concerned would also consider adjusting their downsizing programmes to accommodate staff who could not be suitably posted to take up new posts.

40. Mr TAM Yiu-chung highlighted concerns expressed at the Public Service Panel that the outsourcing arrangement following the VR Scheme might lead to a decrease in the number of well-paid and secure jobs in the market. He suggested that in selecting service contractors, the Administration should give due regard to the expenditure on staff remuneration quoted in the tenders to ensure that the future contractors would offer their staff reasonable wages. Mr James TIEN also opined that contractors should be required to specify in their tenders the terms and conditions of employment. He pointed out that in selecting contractors, the Government should not just look for the lowest bid but should also consider contractors' readiness to provide the necessary training and retraining to staff.

41. In response, DS(CS) said that the departments concerned would take into consideration all relevant factors, including staff costs, in vetting the tender proposals with a view to ascertaining the quality of outsourced services. She also noted Mr TAM Yiu-chung's view that the consideration of these factors should be incorporated in the tender vetting procedures.

42. Miss CHAN Yuen-han said that Members of the Hong Kong Federation of Trade Unions would support the present proposal because the civil service staff associations which they had consulted were in support of the proposal. She nevertheless shared the concerns about the level of wages payable upon outsourcing of existing services and stressed that the situation should be closely monitored. DS(CS) took note of her concerns.

43. Mr LEE Cheuk-yan stated that Members of the Hong Kong Confederation of Trade Unions had no objection in principle to VR as an exit avenue. However, they would object to the VR Scheme in its present form for two reasons. Firstly, when Government services were outsourced following the VR Scheme and in the absence of a minimum wage requirement, the contractors would almost certainly hire fewer staff at considerably lower wages. As a result, certain jobs in the civil service would either be lost or substituted by low-paid jobs. Secondly, it was not clear how staff who chose to remain in the VR grades would be handled. He thus urged the Administration not to delete the civil service posts left vacant by VR-takers but to refill the posts. In the absence of any positive response from the Administration, Mr LEE said that he would not support the proposal.

44. In response, DS(CS) explained that the vacancies of the VR-takers would not be filled because the purpose of the VR Scheme was to address the problem of existing and potential surplus staff in a number of civil service grades. She added that about 44% of the VR applicants were over 50 years of age and therefore most of them were unlikely to have any plans to look for new jobs. The outsourcing of Government services would actually help to create jobs in the private sector and improve the general employment situation.

45. Mr LEE Cheuk-yan was not convinced and maintained his view that the problem of surplus staff referred to by DS(CS) was in fact the result of outsourcing plans.

46. Ms LI Fung-ying reflected the concerns of some civil servants whose VR applications had been rejected that they would be blacklisted and their advancement affected. In reply, DS(CS) assured members that such problems should not arise and the Administration would make every effort to address such concerns.

47. Miss CHAN Yuen-han enquired about the possibility of exempting retirees under the VR Scheme from having their monthly pension suspended if they were subsequently employed by the outsourcing contractors. In reply, DS(CS) advised that the monthly pension of the officers concerned would be suspended in accordance with the existing policy for those who were employed by gazetted subvented agencies.

48. In reply to Mr HUI Cheung-ching, DS(CS) reported that about 250 civil servants had subsequently withdrawn their VR applications. The present funding proposal had already taken into account these withdrawals.

49. The Committee approved the proposal.

Item No. 7 - FCR(2000-01)50

HEAD 40 - EDUCATION DEPARTMENT

Recurrent Account

- ♦ **Subhead 300 Code of Aid for primary schools**
- ♦ **Subhead 305 Code of Aid for secondary schools**
- ♦ **Subhead 320 Code of Aid for special schools**

Capital Account

- ♦ **Subhead 700 General other non-recurrent**
- ♦ **New Item "Transition Furniture and Equipment Grant"**
- ♦ **Subhead 852 Code of Aid for primary schools - furniture and equipment (existing schools) (block vote)**
- ♦ **Subhead 856 Code of Aid for secondary schools - furniture and equipment (existing schools) (block vote)**
- ♦ **Subhead 859 Code of Aid for special schools - furniture and equipment (existing schools) (block vote)**

50. Members noted that the present proposal had been discussed at the Education Panel on 20 November 2000.

51. The Committee approved the proposal.

Item No. 8 - FCR(2000-01)51

HEAD 176 - SUBVENTIONS : MISCELLANEOUS

- ◆ **New Capital Account Subhead "Grant to the Open University of Hong Kong for implementation of its Information Technology Development Plan"**

52. Members noted that the present proposal had been discussed at the Education Panel on 20 November 2000.

53. Mr James TIEN enquired about the progress made by the Open University of Hong Kong (OUHK) in securing the \$50 million to be borne by it under its Information Technology Development Plan, and whether the Administration would provide additional funding should OUHK fail to secure \$50 million. In reply, the President of OUHK was confident that OUHK could raise the necessary funds over the three-year period of the Plan. Moreover, any shortfall could also be met by OUHK's reserve fund which, at its present level, could provide for about half of the sum required.

54. The Committee approved the proposal.

55. Since the Committee had dealt with all the items on the agenda, the Chairman confirmed that there was no need to hold an additional FC meeting on 8 December 2000.

56. The Committee was adjourned at 4:30 pm.

Legislative Council Secretariat
6 February 2000