

立法會
Legislative Council

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seen by the Administration)

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Finance Committee of the Legislative Council

Minutes of the 6th meeting
held at the Legislative Council Chamber
on Friday, 12 January 2001, 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
Dr Hon David LI Kwok-po, JP
Hon Fred LI Wah-ming, JP
Dr Hon LUI Ming-wah, 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 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 Kong-wah
Hon Mrs Miriam LAU Kin-yee, JP
Hon Ambrose LAU Hon-chuen, JP
Hon Emily LAU Wai-hing, JP
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
Dr Hon LO Wing-lok
Hon WONG Sing-chi
Hon Frederick FUNG Kin-kee
Hon IP Kwok-him, JP
Hon LAU Ping-cheung
Hon Audrey EU Yuet-mee, SC, JP

Members absent:

Hon Albert HO Chun-yan
Hon Eric LI Ka-cheung, JP
Hon HUI Cheung-ching
Hon LAU Wong-fat, GBS, JP
Hon CHOY So-yuk

Public officers attending:

Miss Denise YUE, JP
Mr Stanley YING, JP
Mr K K LAM

Mr M L WAN
Mr H K WONG, JP
Mr P S TAM

Secretary for the Treasury
Deputy Secretary for the Treasury
Principal Executive Officer (General),
Finance Bureau
Principal Assistant Secretary for Housing
Director of Territory Development
Project Manager/3, Housing Department

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| Mrs Christina KWONG | Chief Engineer, Territory Development Department |
| Mr K S CHAN | Principal Environmental Protection Officer, Environmental Protection Department |
| Ms Michelle LI | Principal Assistant Secretary for Education and Manpower |
| Mr Jack CHAN | Deputy Secretary-General, University Grants Committee |
| Mrs Betty FUNG | Deputy Secretary for Home Affairs |
| Mr Parrish NG | Principal Assistant Secretary for Home Affairs |
| Mr LEE Kam-chung, JP | Assistant Director of Home Affairs |

Clerk in attendance:

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| Ms Pauline NG | Assistant Secretary General 1 |
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Staff in attendance:

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

Item No. 1 - FCR(2000-01)62

**RECOMMENDATIONS OF THE ESTABLISHMENT SUBCOMMITTEE
MADE ON 20 DECEMBER 2000**

The Committee approved the proposal.

Item No. 2 - FCR(2000-01)63

**RECOMMENDATIONS OF THE PUBLIC WORKS SUBCOMMITTEE
MADE ON 6 DECEMBER 2000 AND 13 DECEMBER 2000**

2. At members' request to consider and vote on PWSC(2000-01)71 separately, the Chairman put proposal FCR(2000-01)63, except PWSC(2000-01)71, to the vote. The Committee approved the proposal.

PWSC(2000-01)71 652TH Noise mitigation measures for Housing Sites No. 6 and 10 at West Kowloon Reclamation

3. Mr Albert CHAN recapitulated that the present proposal had been discussed at length at the Public Works Subcommittee. He stated that Members of the Democratic Party (DP) maintained their reservation because all along, it had been the responsibility of the relevant railway corporation to provide the required noise mitigation measures alongside railway tracks. He considered that in accepting funding responsibility for the construction of the proposed noise barriers, the Administration had set an unacceptable precedent that would have serious financial implications on the use of public funds. Moreover, since the Administration was still reviewing with the Housing Authority (HA), which was the developer of the housing developments in question, the arrangements for this project and similar cases which might arise in future, Members of DP were of the view that it was inappropriate to support the present proposal pending the review, unless the proposed arrangement was only temporary and the Government would seek to recover the cost incurred from HA where appropriate.

4. In response, the Principal Assistant Secretary for Housing (PAS(H)) stressed that the proposed project warranted special treatment because the housing sites in question had originally been zoned for industrial use and were only rezoned for residential development in response to need for more urban land for housing after a study on the "Review of Land Use in the Northern Part of West Kowloon Reclamation" was carried out in December 1997. As such, when the Agreement for the Design, Construction, Financing and Operation of the Airport Railway was signed in 1995, the requirement for noise barriers along the section of the Lantau & Airport Railway tracks facing these sites had not been envisaged. PAS(H) further stressed that the Administration had already thoroughly examined the case in conjunction with its legal advisers in the light of all relevant factors, and the conclusion was that the Administration should accept the responsibility for providing the required noise barriers in this special case.

5. As regards the review in conjunction with HA, PAS(H) confirmed that at present, there was no provision in the agreements between the Government and HA to enable the Government to recover the cost for providing the proposed noise barriers from HA. The review only sought to sort out the arrangements for similar cases in future and its outcome would have no retrospective effect on the financial arrangement for this project. As such, the Administration did not consider it appropriate to defer the present proposal until completion of the said review, especially as there was an urgent need for the noise barriers, having regard that noise abatement notices could be issued to the Mass Transit Railway Corporation Limited under the Noise Control Ordinance if the noise barriers were not in place before the population intake at the relevant housing estates.

6. Mr Albert CHAN remained unconvinced. Pointing out that the present case had signified an important policy change which warranted thorough discussion and consultation, he considered that the Administration should withdraw the proposal and resubmit it after the relevant policy issues had been satisfactorily addressed.

7. The Chairman put the item to vote. 21 members voted for the item, 16 voted against and three abstained:

For:

Mr Kenneth TING Woo-shou
Mr David CHU Yu-lin
Dr LUI Ming-wah
Mr CHAN Kwok-keung
Mr WONG Yung-kan
Mr Howard YOUNG
Mr Ambrose LAU Hon-chuen
Mr TAM Yiu-chung
Mr Tommy CHEUNG Yu-yan
Mr Frederick FUNG Kin-kee
Mr LAU Ping-cheung
(21 members)

Mr James TIEN Pei-chun
Dr Raymond HO Chung-tai
Mrs Selina CHOW LIANG Shuk-yee
Mr CHAN Kam-lam
Mr Jasper TSANG Yok-sing
Mr YEUNG Yiu-chung
Mr Timothy FOK Tsun-ting
Dr TANG Siu-tong
Mr LEUNG Fu-wah
Mr IP Kwok-him

Against:

Mr LEE Cheuk-yan
Dr David LI Kwok-po
Mr James TO Kun-sun
Mr SIN Chung-kai
Miss Emily LAU Wai-hing
Mr SZETO Wah
Mr Abraham SHEK Lai-him
Mr Albert CHAN Wai-yip
(16 members)

Mr Martin LEE Chu-ming
Mr Fred LI Wah-ming
Mr CHEUNG Man-kwong
Dr YEUNG Sum
Mr Andrew CHENG Kar-foo
Mr LAW Chi-kwong
Mr Michael MAK Kwok-fung
Mr WONG Sing-chi

Abstention:

Mr NG Leung-sing
Ms LI Fung-ying
Ms Audrey EU Yuet-mee
(3 members)

8. The Committee approved the item.

Item No. 3 - FCR(2000-01)64

HEAD 190 - UNIVERSITY GRANTS COMMITTEE

◆ **Subhead 529 Home Financing Scheme**

9. Dr YEUNG Sum declared his and Mr LAW Chi-kwong's interests as staff members of the University of Hong Kong.

10. Mr James TIEN enquired about the reasons for the higher than expected take-up rate of the Home Financing Scheme for eligible staff of the University Grants Committee-funded institutions (UGC HFS), especially for the high take-up rate by Lingnan University staff at 86%. In reply, the Deputy Secretary-General, UGC (DSG, UGC) pointed out that whether eligible staff would opt for the UGC HFS was purely the personal decision of the staff concerned. He however commented that one possible reason for the high take-up rate by Lingnan University staff might be the absence of staff quarters at Lingnan University.

11. Mr James TIEN sought to ascertain whether the take-up rate would remain more or less the same in the remaining four months up to 31 March 2001 to obviate the need for supplementary provision and enquired about the latest take-up rate. In reply, DSG, UGC confirmed that the overall take-up rate of 64% as at end November 2000 was the latest figure available because forecasts from the institutions on their requirements were called only once every three months. However, as understood from the institutions, the figure would likely remain stable for the following few months.

12. The Committee approved the proposal.

Item No. 4 - FCR(2000-01)65

HEAD 63 - HOME AFFAIRS DEPARTMENT

◆ **Subhead 110 Honoraria for members of committees**

13. Members noted that the Panel on Home Affairs had discussed the present proposal on 9 January 2001.

14. The Chairman reminded members of Paragraph 84(1) of the Council's Rules of Procedure which stipulated, inter alia, that "a Member shall not vote upon any question, whether in the Council or in any committee or subcommittee, in which he has a direct pecuniary interest except where his interest is in common with the rest of the population of Hong Kong or a sector thereof or his vote is given on a matter of Government policy." As the pecuniary interest arising from the present proposal was common to all the 519 District Council (DC) members in Hong Kong, the Chairman advised that having regard to the established practice of Finance Committee in dealing with similar proposals, a Legislative Council Member who was also a DC

member could speak and cast his vote after declaring his interest. The Chairman then invited members who were concurrently DC members to declare their interest. The following members declared their interest :

Mr James TIEN Pei-chun
Mr LEUNG Yiu-chung
Mr Howard YOUNG
Mr Henry WU King-cheong
Mr WONG Sing-chi
Mr IP Kwok-him

Mr CHAN Kam-lam
Mr WONG Yung-kan
Dr TANG Siu-tong
Mr Tommy CHEUNG Yu-yan
Mr Frederick FUNG Kin-kee

The committee also noted that the following members also had pecuniary interest as DC members: Mr Albert HO Chun-yan, Mr James TO Kun-sun, Mr SIN Chung-kai, Mr Andrew CHENG Kar-foo, Mr Albert CHAN Wai-yip, Mr LAU Kong-wah and Miss CHOY So-yuk.

15. On the composition and timetable for setting up the independent commission for the purpose of making recommendations on remuneration matters concerning DC members, the Deputy Secretary for Home Affairs (DS(HA)) said that the Administration planned to set up the commission by mid-2001, but had yet to decide on its membership.

16. Miss Emily LAU remarked that the remuneration for DC members would hinge on their roles and functions. She therefore sought further information on the overall review on this subject to be conducted by the Administration. In response, DS(HA) informed members that the Home Affairs Bureau (HAB) would conduct a review on the roles and functions of DCs scheduled for completion in 2001. As to whether a green paper would be issued for public consultation, DS(HA) said that while the approach had not been decided, the Administration would ensure that all stakeholders and the community at large would be consulted. The report of HAB's review would also be forwarded to the independent commission for consideration.

17. Noting the Administration's proposal to replace the Consumer Price Index (C) (CPI(C)) by the CPI(A) as the basis for adjusting DC members' honorarium and their accountable allowance (AA) with effect from 1 January 2001, Mr James TIEN observed that at times of inflation, the rise in CPI(C) was usually greater than that in CPI(A). As Hong Kong had experienced inflation rather than deflation for most of the time, he queried whether adoption of the CPI(A) would put DC members in a disadvantaged position in the longer run.

18. In response, DS(HA) advised that in proposing to use CPI(A) as the basis of adjustment, the Administration had given regard to the fact that while CPI(C) covered households with an average monthly expenditure of \$34,000 to \$68,700, CPI(A) covered households with an average monthly expenditure below \$18,000 and was therefore a more realistic index for adjustment of DC members' honorarium which now stood at \$18,190.

19. On past movements of CPI(A) and CPI(C), DS(HA) reported that in the past five years during which Hong Kong had experienced inflation for most of the time, the upward movement in CPI(A) was smaller than that in CPI(C). However, during the past two years when there was deflation, the average downward movement in CPI(C) was greater than that in CPI(A) although in a few months, the downward movement in CPI(A) was greater. On the average difference between the annual movements in CPI(A) and CPI(C) for the past five years, DS(HA) advised that the difference only ranged between 0.4% to 0.6% which was minimal.

20. Mr IP Kwok-him noted that the Administration would propose to defer any annual downward adjustment of AA and asked why such downward adjustment would not be frozen instead. In reply, DS(HA) explained that when adjusting DC members' remuneration and AA in accordance with the movements of an index, both upward and downward adjustments could result. Hence, a proposal to freeze any downward adjustment in AA could hardly be justified. Nevertheless, in consideration that in a deflation year, a reduction in the ceiling of AA might render it insufficient for DC members to meet their contractual obligations such as rental and staff salaries, the Administration would propose to defer any annual downward adjustment of AA and to effect such adjustment only when there was an upward adjustment of the AA by offsetting the reduction carried forward against the increase.

21. Mrs Selina CHOW asked whether the present proposal could be deferred to allow members more time to examine the proposed changes to the existing mechanism. In response, DS(HA) pointed out that the present proposal had been put up in response to the House Committee's consensus view reached at its meeting on 1 December 2000 urging the Administration to review the existing adjustment mechanism and to freeze the AA. If the proposal was not approved in time, DC members' remuneration and AA payable with effect from January 2001 would have to be adjusted downwards by 2.7% in accordance with the existing reference to the movement of CPI(C).

22. As regards consultation, DS(HA) said that when the present proposal was discussed at the meeting of the Panel on Home Affairs on 9 January 2001, most of the Members present were in support of the present proposal although some had also urged for a freeze on the honorarium as well. However, since most of the Members present were also DC members, the Panel as a whole had not taken a position on the proposal at the meeting. She added that the Chairmen and Deputy Chairmen of the 18 DCs had been consulted and they had expressed support.

23. Miss Margaret NG, who was the convenor of a recent meeting held on 11 January 2001 between Legislative Council Members and members of the Sha Tin DC, conveyed the views expressed at the said meeting in support of the early approval of the present proposal while certain issues relating to DC members' remuneration and allowance would require further review.

24. Mr IP Kwok-him reminded members that the subject in question had been discussed at length in this Council. He appreciated that the Administration had conducted a focussed review of the annual adjustment mechanism ahead of the overall DC review in response to concerns raised by Members of this Council and DC members and had subsequently put up the present proposal. Whilst agreeing on the need for a thorough review which should include issues such as the basis for setting the honorarium for DC members, he nevertheless called on members to support the present proposal.

25. Mr James TIEN stated that in principle, he would not object to deferring any downward adjustment of the AA and effecting it when there was an upward adjustment of the allowance. However, he had strong reservation on whether CPI(A), instead of CPI(C), should henceforth be adopted as the basis for adjustment and opined that this should be further studied by the future independent commission. As such, he suggested that item (a) of the proposal relating to the use of CPI(A), and item (b) relating to the deferral of the downward adjustment of AA be voted on separately.

26. Mr Tommy CHEUNG Yu-yan said that while DC members agreed in principle that the ceiling of the AA should best be frozen for the time being, there was not any in-depth discussion as to whether CPI(A) or CPI(C) should be used as the basis for future adjustments. He therefore agreed with Mr James TIEN that item (a) and item (b) in the paper be voted on separately.

27. On the implication if members would not approve the proposed adoption of CPI(A) to replace CPI(C) as the basis for adjustment (i.e. item (a) in the paper), DS(HA) pointed out that if reference to the movement in CPI(C) would continue, then, the honorarium for DC members would be reduced by 2.7%, instead of by 1.3%, to \$17,700 per month. This would also mean that the ceiling of the AA would need to be reduced by 2.7% with effect from 1 January 2001 although such reduction would be deferred and offset against any future increase in AA.

28. Regarding the splitting of item (a) and item (b) for separate voting, the Clerk explained that with reference to precedent cases, the Chairman could, having regard to the Administration's view, allow members to vote on individual items in a proposal separately, provided that those items were self-standing and could be agreed upon on their own.

29. In response to the Chairman, the Secretary for the Treasury (S for Tsy) advised that generally speaking, the Administration would not agree to split a funding proposal for separate voting on the items contained therein. However, as far as the present proposal was concerned, she agreed that item (a) and item (b) could be considered and decided upon separately. S for Tsy nevertheless reiterated the implications on the extent of reduction in AA if the proposal of using movements in CPI(A), instead of CPI(C), as the basis for adjustment was not approved.

30. Having considered S for Tsy's view, the Chairman put item (a) of the paper to vote. 26 members voted for the item, 13 members voted against and none abstained :

For:

Mr David CHU Yu-lin
Dr David LI Kwok-po
Mr NG Leung-sing
Miss Margaret NG
Mr Bernard CHAN
Mr Andrew WONG Wang-fat
Dr YEUNG Sum
Mr Ambrose LAU Hon-chuen
Mr Timothy FOK Tsun-ting
Mr TAM Yiu-chung
Ms LI Fung-ying
Mr LEUNG Fu-wah
Mr IP Kwok-him
(26 members)

Mr Martin LEE Chu-ming
Mr Fred LI Wah-ming
Prof NG Ching-fai
Mr CHEUNG Man-kwong
Mr CHAN Kam-lam
Mr Jasper TSANG Yok-sing
Mr YEUNG Yiu-chung
Mr SZETO Wah
Mr LAW Chi-kwong
Mr Abraham SHEK Lai-him
Mr Michael MAK Kwok-fung
Dr LO Wing-lok
Ms Audrey EU Yuet-mee

Against:

Mr Kenneth TING Woo-shou
Miss Cyd HO Sau-lan
Dr LUI Ming-wah
Mrs Sophie LEUNG LAU Yau-fun
Mr LAU Chin-shek
Miss Emily LAU Wai-hing
Mr LAU Ping-cheung
(13 members)

Mr James TIEN Pei-chun
Mr LEE Cheuk-yan
Mrs Selina CHOW LIANG Shuk-yee
Mr Howard YOUNG
Mrs Miriam LAU Kin-yee
Mr Tommy CHEUNG Yu-yan

31. The Committee approved the item.

32. The Chairman then put item (b) of the paper to vote. The Committee approved the item.

33. The Committee approved the proposal.

34. The Committee was adjourned at 3:30 pm.