

立法會  
*Legislative Council*

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**Finance Committee of the Legislative Council**

**Minutes of the 4th meeting  
held at the Legislative Council Chamber  
on Friday, 7 December 2001, at 2:30 pm**

**Members present:**

Dr Hon Philip WONG Yu-hong (Chairman)  
Hon NG Leung-sing, JP (Deputy Chairman)  
Hon Kenneth TING Woo-shou, JP  
Hon James TIEN Pei-chun, GBS, JP  
Dr Hon David CHU Yu-lin, JP  
Hon Cyd HO Sau-lan  
Hon Albert HO Chun-yan  
Ir Dr Hon Raymond HO Chung-tai, JP  
Hon LEE Cheuk-yan  
Hon Eric LI Ka-cheung, JP  
Dr Hon David LI Kwok-po, GBS, JP  
Hon Fred LI Wah-ming, JP  
Dr Hon LUI Ming-wah, JP  
Hon Margaret NG  
Hon Mrs Selina CHOW LIANG Shuk-ye, JP  
Hon CHEUNG Man-kwong  
Hon HUI Cheung-ching, JP  
Hon CHAN Kwok-keung  
Hon CHAN Yuen-han, JP  
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

Dr Hon YEUNG Sum  
Hon YEUNG Yiu-chung, BBS  
Hon LAU Kong-wah  
Hon Miriam LAU Kin-ye, JP  
Hon Ambrose LAU Hon-chuen, GBS, 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  
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  
Hon MA Fung-kwok

**Members absent:**

Hon Martin LEE Chu-ming, SC, JP  
Hon James TO Kun-sun  
Hon Howard YOUNG, JP  
Hon LAU Chin-shek, JP  
Hon LAU Wong-fat, GBS, JP

**Public officers attending:**

Mr Stanley YING, JP  
Mr K K LAM  
Miss Susie HO, JP

Deputy Secretary for the Treasury  
Principal Executive Officer (General),  
Finance Bureau  
Deputy Secretary for Financial Services

Mr G W E JONES, JP	Registrar of Companies and General Manager, Companies Registry Trading Fund
Mr T C HO	Business Manager, Companies Registry
Miss Peggy LAU	Development Manager, Companies Registry
Mr John LEUNG	Principal Assistant Secretary for Education and Manpower
Mr J D WILLIS	Controller, Student Financial Assistance Agency
Mrs Cherry TSE, JP	Deputy Secretary for Education and Manpower
Mrs Avia LAI	Principal Assistant Secretary for Education and Manpower
Mr M Y CHENG	Assistant Director of Education
Mr Clement LEUNG	Principal Assistant Secretary for Education and Manpower
Mr Lawrence KWAN	Project Co-ordinator, Education and Manpower Bureau
Mrs Betty FUNG	Deputy Secretary for Home Affairs
Mr Lee Kam-chung, JP	Acting Deputy Director of Home Affairs

**Clerk in attendance:**

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

Miss Polly YEUNG	Chief Assistant Secretary (1)3
Ms Mabel CHAN	Senior Assistant Secretary (1)4

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**Item No. 1 - FCR(2001-02)40**

**RECOMMENDATIONS OF THE ESTABLISHMENT  
SUBCOMMITTEE MADE ON 21 NOVEMBER 2001**

Mr CHEUNG Man-kwong requested that EC(2001-02)23 be considered and voted on separately. The Chairman put FCR(2001-02)40, except EC(2001-02)23, to the vote. The Committee approved the proposal.

**EC(2001-02)23**

**Proposed retention of one supernumerary post of Chief Engineer (D1) in the Highways Department up to 31 December 2004 to head the West Rail Division in the Railway Development Office and to continue overseeing the West Rail project**

2. Mr CHEUNG Man-kwong recapped the deliberations at the Establishment Subcommittee (ESC) on 21 November 2001 in respect of the retention period of the supernumerary Chief Engineer/West Rail (CE/WR) post. He pointed out that the stance of Members of the Democratic Party (DP) was that there was no need at this point in time to retain the post up to end December 2004, i.e. 12 months after the scheduled commissioning of the West Rail (WR) project in December 2003. He was aware that even after the commissioning of the WR, CE/WR would have to oversee the implementation of the WR and the associated Essential Public Infrastructure Works and to handle related claims. Members of DP considered that the CE/WR post should initially be retained up to end June 2004, i.e. six month after commissioning of WR. If there was a proven need for retaining the CE post beyond end June 2004, the Administration could seek members' approval to further extend the tenure of the post. Mr CHEUNG also drew members' attention to the financial implications of retaining the non-directorate staff as a result of the present proposal. He referred to the discussion at the ESC meeting on 21 November 2001 under the agenda item of "Any other business" where members in general agreed with the need for more stringent control over the creation of directorate posts, especially under the current economic climate. It was therefore necessary for the Finance Committee to consider each and every proposal to increase directorate posts in the civil service with vigilance and due care.

3. Mr CHEUNG Man-kwong did not subscribe to the justification given by the Administration for retaining the CE post up to 12 months after the completion of WR project. He referred to a past proposal endorsed by ESC on 8 October 1997 (EC(97-98)22) in relation to the retention of a Government Engineer post to see through the completion and commissioning of the Ting Kau Bridge (TKB) project. At the ESC meeting, some members questioned the practicability for the Government Engineer to handle claim resolution and finalization of accounts in five months. In response, the Administration had confirmed that five months would be adequate as some of the contractual claims had already commenced and the subsequent outstanding issues could be taken up by the remaining officers in the TKB project management team. Mr CHEUNG pointed out that such stringent control over staffing was already exercised in 1997-98 when the economy was in a buoyant state, hence, there was even a greater need for prudence under the present economic climate.

4. On the project referred to by Mr CHEUNG, Dr Raymond HO advised that unlike the WR project which was highly complicated, the TKB project was relatively straightforward. On the handling of claims arising from large infrastructural projects, Dr HO pointed out that while cases involving re-measurement of contracts might be simpler, cases involving litigation or arbitration were often complicated, protracted and costly. Based on his professional experience, Dr HO considered that given the massive scale of the WR project, it was unlikely that CE/WR could complete the outstanding work in 12 months, not to mention six months. As CE/WR had been overseeing the implementation of the WR project, it was important that he remained in post to continue to oversee and monitor the outstanding works and deal with the claims.

5. Miss Emily LAU recalled that at the ESC meeting on 21 November 2001, the Administration had at one stage agreed to Mr CHEUNG Man-kwong's suggestion to reduce the proposed duration of the CE/WR post and revert to members if there was a proven need for further extension. However, in the light of some members' objection to the suggestion, the Administration had adhered to its original proposal. Miss Emily LAU expressed support for Mr CHEUNG's suggestion and highlighted the need for greater vigilance and stringent control over the creation of directorate posts amidst the prevailing economic downturn.

6. Mr YEUNG Yiu-chung recalled that members supported in principle the retention of the CE/WR post and the contention was over its duration. He would support the present proposal if the Administration would undertake to delete the post once it was no longer required.

7. On the Administration's position, the Deputy Secretary for the Treasury (DS(Tsy)) recalled that at the ESC meeting on 21 November 2001, in response to an ESC member's question the representative of the Transport Bureau had said that if ESC members would not support the proposal in its original form, the Administration would accept shortening the retention period and seeking ESC approval for an extension nearer the time. When subsequently asked to confirm the Administration's position, the Transport Bureau representative and DS(Tsy) had confirmed that the Administration had continued to hold the view, shared by some ESC members at the meeting, that having regard to the anticipated workload, past experience and professional judgement, it was necessary to retain the CE/WR post up to end 2004. Accordingly the Administration had maintained its original proposal, which had then been endorsed by ESC. DS(Tsy) assured members that even if approval was given to retain the CE/WR post for 12 months after project completion, the continued need of the post would be under constant review and the post would be deleted once it was no longer required.

8. Mr Albert CHAN considered that where there were other alternatives, the post should not be retained after completion of project for such a long time (i.e. 12 months) as significant staff costs would be incurred. He also asked the Administration to take heed of the grave concern on the part of Members and the community about the creation of senior directorate posts in the civil service.

9. Mr James TIEN said that Members of the Liberal Party (LP) were gravely concerned about the growth in civil service directorate establishment which would have an impact on public finance. They were of the view that unless for very strong reasons, there should not be any further increase in directorate establishment. Mr TIEN confirmed that Members of LP would support Mr CHEUNG Man-kwong's suggestion.

10. In response to the Chairman's question on whether the Administration was prepared to shorten the retention period to end June 2004, DS(Tsy) explained that for every staffing proposal, the Administration had given careful consideration to the functional need, duration and ranking etc of the posts and provided full justification in the submission. In proposing the duration of a post, the Administration would have come to a considered assessment that the duration was necessary. It would be difficult for the Administration if in future, it was asked to modify the proposed duration of a post at the point when the proposal was considered by members.

11. Dr YEUNG Sum pointed out that it was inappropriate to generalize members' specific comments on a staffing proposal. Miss Margaret NG also found the Administration's remarks very disturbing as they seemed to suggest that members were seeking to reduce the proposed duration of supernumerary posts without considering the justifications per se. To the contrary, Miss NG considered Mr CHEUNG's suggestion well-grounded and even the Administration had agreed that it was practicable to reduce the proposed duration of the CE/WR post. She was more inclined to support a shorter duration for the post, instead of giving the Administration a complete free hand up to end 2004.

12. Mr NG Leung-sing stated his view that each staffing proposal should be considered on its merits. Prudent control over staffing resources was needed irrespective of whether the prevailing economic climate was good or bad. The critical issue was whether members would have trust in the Administration's undertaking to delete the CE/WR post once it was no longer needed. To allay members' concern, Mr NG considered that the Administration should report to FC whenever a supernumerary post was no longer needed and deleted prior to its approved tenure.

13. On whether the Administration had exercised restraint in proposing to extend the duration of the CE/WR post up to end 2004, Dr Raymond HO said that according to his personal experience, a period of 12 months after commissioning of WR would not be sufficient for handling claims. Nevertheless, the Administration had not proposed a longer duration. Moreover, it had also undertaken to delete the post once it was no longer needed. As such, Dr HO considered the present proposal a prudent arrangement.

14. Mr HUI Cheung-ching supported the present proposal on account of its functional needs. To allay members' concern, he suggested that the Administration should provide a progress report by mid 2004. His view was supported by Mr Andrew WONG who also suggested that the proposal should not be discussed by FC further, but should be pursued by ESC, if necessary. However, he was aware that this might not be practicable as the CE/WR post was about to lapse.

15. Mr Abraham SHEK pointed out that in a railway project, issues which required follow-up action included not only claims, but also the safety of trains and related systems and other technical issues. Based on his experience, a period of six months after commissioning would not be adequate for dealing with such matters.

16. Mr James TIEN was gravely concerned that if approval was given to retain the CE/WR post up to end 2004 (i.e. 12 months after commissioning), the responsible staff might be under no urgency to complete the necessary work in a shorter time-span. On the other hand, retaining the post for only six months after project completion might have the effect of expediting the progress of work. Mr TIEN reiterated that where circumstances so justified, Members of LP would support further extension of the post.

17. Dr YEUNG Sum said that Members of DP would not support the proposal in its present form and reiterated their serious concern about the need for stringency over the creation of directorate posts.

18. In response to members' comments, DS(Tsy) re-affirmed that the Administration was mindful of the need to marshal its resources prudently, particularly in the proposed creation of directorate posts. It would continue to exercise prudence on establishment matters. He nevertheless urged members to vote on the present proposal as the supernumerary post of CE/WR was due to lapse in early December 2001.

19. Summing up, Mr CHEUNG Man-kwong stressed that Members of DP were not just seeking to reduce the proposed duration of the CE/WR post for the sake of bargaining. He considered his suggestion justified as WR might be completed ahead of schedule (i.e. before end 2003), some of the claims

might have already commenced and the remaining officers in the WR Division could also take up the work. Mr CHEUNG also reiterated FC's role in safeguarding the proper use of public resources.

20. Dr Raymond HO stressed that he was equally concerned about the prudent use of public funds. However, he drew members' attention to the complicated nature of the WR project and his past experience in the Kowloon-Canton Railway electrification programme from 1977 to mid-1980s. Given the intricate nature of the claims and the legal issues involved, Dr HO said that they must be dealt with at the Chief Engineer level and not below. He also reiterated that each staffing proposal should be considered on its merits and he supported the present proposal.

21. Mr Andrew WONG agreed that WR was a highly complicated project as many parties were involved (including the Government, contractors and the Kowloon-Canton Railway Corporation). It might take years to handle the claims. He also reminded members that in case the present proposal was voted down, there would not be a Chief Engineer in the Highways Department to oversee the WR project. The incumbent officer might be deployed to another post.

22. The Chairman put the item to vote. 21 members voted for the item, 24 members voted against and none abstained :

For:

Dr Raymond HO Chung-tai	Mr Eric LI Ka-cheung
Dr David LI Kwok-po	Mr NG Leung-sing
Mr HUI Cheung-ching	Mr CHAN Kwok-keung
Mr Bernard CHAN	Mr CHAN Kam-lam
Mr Andrew WONG Wang-fat	Mr WONG Yung-kan
Mr Jasper TSANG Yok-sing	Mr YEUNG Yiu-chung
Mr LAU Kong-wah	Miss CHOY So-yuk
Mr TAM Yiu-chung	Mr Abraham SHEK Lai-him
Ms LI Fung-ying	Mr Henry WU King-cheong
Mr LEUNG Fu-wah	Mr IP Kwok-him
Hon MA Fung-kwok	
(21 members)	

Against:

Mr Kenneth TING Woo-shou	Mr James TIEN Pei-chun
Miss Cyd HO Sau-lan	Mr Albert HO Chun-yan
Mr LEE Cheuk-yan	Mr Fred LI Wah-ming
Miss Margaret NG	Mrs Selina CHOW LIANG Shuk-ye
Mr CHEUNG Man-kwong	Mrs Sophie LEUNG LAU Yau-fun
Mr LEUNG Yiu-chung	Mr SIN Chung-kai
Dr YEUNG Sum	Mrs Miriam LAU Kin-ye



Miss Emily LAU Wai-hing  
Mr SZETO Wah  
Mr Tommy CHEUNG Yu-yan  
Mr Albert CHAN Wai-yip  
Mr Frederick FUNG Kin-kee  
(24 members)

Mr Andrew CHENG Kar-foo  
Mr LAW Chi-kwong  
Mr Michael MAK Kwok-fung  
Mr WONG Sing-chi  
Ms Audrey EU Yuet-mee

23. The Committee rejected the item.

**Item No. 2 - FCR(2001-02)41**

**RECOMMENDATIONS OF THE PUBLIC WORKS SUBCOMMITTEE  
MADE ON 14 NOVEMBER 2001**

24. The Committee approved the proposal.

**Item No. 3 - FCR(2001-02) 42**

**CAPITAL INVESTMENT FUND  
HEAD 972 - TRADING FUNDS**

♦ **Subhead 101 Loan to Companies Registry**

25. Members noted that the Panel on Financial Affairs had been consulted on the present proposal on 5 November 2001.

26. Mr Henry WU enquired about the reasons for the significant increase in the projected operating surplus starting from 2005-06 onwards. In reply, the Business Manager, Companies Registry (BM, CR) advised that as a result of the full implementation of the proposed Integrated Companies Registry Information System (ICRIS) in 2005-06, tangible benefits in terms of staff savings, accommodation and other savings would be achieved, which would in turn result in higher operating surplus. As regards the surplus position in subsequent years, BM, CR advised that the longer-term estimates were based on a series of assumptions and the cumulative effect of the savings carried over the years.

27. In response to Mr LEUNG Fu-wah's concern on whether the staff savings would be achieved by way of deletion of posts or redundancies, the Registrar of Companies and General Manager, Companies Registry Trading Fund (R of C & GM, CRTF) advised that the ICRIS would bring about a net reduction of 84 pensionable posts in the CR, most of which were clerical and General Grades posts. R of C & GM, CRTF said that the CR had been working closely with the Civil Service Bureau and he believed that most of the affected staff could be redeployed within the civil service. There might be some

actual redundancies but the Administration would try to minimize such cases.

28. The Committee approved the proposal.

**Item No. 4 - FCR(2001-02)43**

**HEAD 173 - STUDENT FINANCIAL ASSISTANCE AGENCY**

- ◆ **Subhead 149 General departmental expenses**
- ◆ **Subhead 151 Remission of examination fees**
- ◆ **Subhead 153 Textbooks and stationery grants**
- ◆ **Subhead 155 Travel subsidy for primary school pupils**
- ◆ **Subhead 156 Kindergartens-fee assistance**
- ◆ **Subhead 213 Means-tested grant for post-secondary students**
- ◆ **Subhead 274 Student finance-grants**
- ◆ **Subhead 275 Student travel scheme**

**LOAN FUND**

**HEAD 254 - LOANS TO STUDENTS**

- ◆ **Subhead 101 Students of the universities, the Hong Kong Institute of Vocational Education, Prince Philip Dental Hospital, Hong Kong Institute of Education and Hong Kong Academy for Performing Arts**
- ◆ **Subhead 103 Means-tested loan for post-secondary students**

29. Members noted that the present proposal had been discussed at the Panel on Education on 19 November 2001.

30. Mr CHEUNG Man-kwong said that Members of DP were in support of the present proposal but would like to put on record their viewpoint for the Administration's consideration. Mr CHEUNG pointed out that at present, there were only two levels of fee remission (at 50% and 100%) for primary and secondary students. To cater for the needs of families whose family income fell between the 50% and 100% thresholds, a new level of assistance at 75% should be introduced, in line with the three levels of remission under the Kindergarten Fee Remission Scheme. Mr CHEUNG requested the Administration to include this issue in its next review.

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31. Mr Tommy CHEUNG said that Members of LP would support the present proposal.

32. The Committee approved the proposal.

**Item No. 5 - FCR(2001-02) 44**

**HEAD 173 - STUDENT FINANCIAL ASSISTANCE AGENCY**

♦ **Subhead 153 Textbooks and stationery grants**

33. Members noted that the Panel on Education had been briefed on the present proposal at its meeting on 19 November 2001.

34. The Committee approved the proposal.

**Item No. 6 - FCR(2001-02)45**

**HEAD 40 - EDUCATION DEPARTMENT**

♦ **Subhead 185 Subject and curriculum block grant for government schools**

♦ **Subhead 305 Code of Aid for secondary schools**

♦ **Subhead 320 Code of Aid for special schools**

♦ **Subhead 325 Direct Subsidy Scheme**

♦ **Subhead 330 Assistance to private secondary schools and bought places**

35. Members noted that the present proposal had been discussed by the Panel on Education at its meeting on 19 November 2001.

36. Mr Jasper TSANG Yok-sing declared his interest as a supervisor of a Direct Subsidy Scheme (DSS) school. Mr YEUNG Yiu-chung declared his interest as the principal of a DSS school.

37. The Committee approved the proposal.

**Item No. 7 - FCR(2001-02)46**

**LOAN FUND**

**HEAD 252 - LOANS TO  
SCHOOLS/TEACHERS**

♦ **Subhead 106 Start-up loan for post-secondary education providers**

38. Members noted that the Administration had provided an information note to the Panel on Education on 19 November 2001.

39. Mr IP Kwok-him declared that he was a Member of the Court of the University of Hong Kong.

40. Mr YEUNG Yiu-chung enquired whether it was the Government's intention that the loans granted to the post-secondary education providers should be used for purchasing, instead of renting, premises in connection with launching new or expanded Associate Degree programmes.

41. In response, the Deputy Secretary for Education and Manpower (DS(EM)) advised that some institutions which planned to launch study programmes at an early date or run relatively new and untried programmes might prefer renting premises. On whether the Government would encourage institutions to acquire their own premises, DS(EM) pointed out that institutions were in fact being encouraged to do so indirectly as the short-term loan would only cover two years' rental.

42. In reply to Mr James TIEN's enquiry about loan repayment, DS(EM) advised that loans granted under the scheme would be interest-free and repaid by equal annual instalments within ten years from the date of final drawdown. Repayment for medium-term loans (usually disbursed in two phases) would commence one year after the date of drawdown of the second part of the loan. DS(EM) said that as the institutions' main source of income was course fees, they would likely repay the loans with such income.

43. The Committee approved the proposal.

#### **Item No. 8 - FCR(2001-02)47**

##### **HEAD 63 - HOME AFFAIRS DEPARTMENT**

- ◆ **Subhead 106 Temporary Staff**
- ◆ **Subhead 110 Honoraria for members of committees**
- ◆ **Subhead 149 General departmental expenses**
- ◆ **Subhead 215 Environmental improvement and community involvement projects**
- ◆ **Subhead 700 General other non-recurrent**

44. Members noted that the present proposal had been discussed at the Panel on Home Affairs on 27 November 2001.

45. The Chairman reminded members of Rule 84(1) of the 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 FC 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 Tommy CHEUNG Yu-yan  
Mr CHAN Kam-lam  
Mr IP Kwok-him  
Mr Frederick FUNG Kin-kee  
Mr WONG Sing-chi  
Mr Albert Ho-chun yan

Mr James TIEN Pei-chun  
Mr WONG Yung-kan  
Mr LEUNG Yiu-chung  
Mr Henry WU King-cheong  
Mr SIN Chung-kai  
Miss CHOY So-yuk

46. Mr WONG Sing-chi said that Members of DP were in support of the present proposal but would urge the Administration to exercise greater flexibility in dealing with the proposed funding for environmental improvement and community involvement projects. As he understood, various DC chairmen were only notified about a month ago that additional funding might be available for DC activities. Many DCs had yet to determine how the funding was to be spent. As the proposed supplementary provision of \$41 million had to be spent within the current financial year ending 31 March 2002, Mr WONG was concerned that individual DCs would not have sufficient time to plan for the activities in the remaining months. To prevent indiscriminate use of funds, he asked whether any unspent balance could be carried forward into the following financial year.

47. In response, the Deputy Secretary for Home Affairs (DS(HA)) advised that in the 2001-02 Budget, the Financial Secretary had already allocated \$100 million to enable the implementation of the recommendations of the Working Group on DC Review and the Independent Commission on Remuneration for Members of the District Councils of the HKSAR (the Independent Commission) within the current financial year. The DCs were thus fully aware of the availability of additional funding. When the Administration released the report of the DC Review in July 2001, it had also proposed to allocate \$31 million and \$10 million for DCs to carry out community building and environmental improvement projects respectively. In anticipation of the availability of additional funding, each DC had planned and was ready to launch a series of activities upon funding approval by FC. DS(HA) anticipated that the earmarked funding would be spent within this financial year for financing the many environmental improvement and community building projects in the pipeline. The Home Affairs Department would vet each project to ensure the proper use of funds. As to whether the unspent balance could be carried forward into the next financial year, DS(HA) said that as the \$41 million in question was a recurrent provision, any unspent balance could not normally be carried forward.

48. On behalf of Members of the Democratic Alliance for Betterment of Hong Kong (DAB), Mr IP Kwok-him supported the present proposal. He agreed with the need for prudent use of funds and urged the Administration to monitor the situation closely.

49. Miss Emily LAU considered the term "Accountable Allowance" (AA) misleading as in fact, DC members were not paid an allowance but were only reimbursed of certain operating expenses. In response, DS(HA) recalled that similar concern had been raised at the meeting of the Home Affairs Panel. She informed members that the appropriateness or otherwise of the term "Accountable Allowance", as well as whether the scope of AA should be further expanded, would be looked into by the Independent Commission.

50. Miss LAU sought clarification on how greater flexibility would be achieved by merging the monthly provisions under the AA into an annual provision. She further asked whether lump sum payments, such as consultancy fees, would be reimbursable under the proposed arrangement. In reply, DS(HA) said that consultancy fees was not a reimbursable item. The Acting Deputy Director of Home Affairs (DD of HA) advised that a DC member could not draw the entire annual provision of \$204,000 at the start of a year as the amount would only be disbursed on an accountable basis. As to whether lump sum payments would be reimbursable, each case would have to be examined on its merits, having regard to the nature and purpose of the expenses incurred. However, if a DC member claimed all the AA at the start of the year, he/she would have to meet the operating expenses for the remaining year at his/her own expense.

51. Regarding DC members' eligibility for reimbursement of expenses for employing assistant(s) and for other purposes in discharging their DC duties regardless of whether they had set up ward offices, Miss Emily LAU noted that this arrangement was different from that for Members of the Legislative Council. She questioned how it would work in actual practice if assistant(s) were being employed but the DC member concerned did not have his ward office. Miss LAU was keen to ensure that measures were in place to prevent possible abuse.

52. In this connection, DS(HA) informed members while the majority of DC members had set up their ward offices, a small number of DC members, mostly appointed members, had not done so. Nevertheless, they would still need to employ assistant(s) for handling DC-related work. DD of HA assured members that a DC member's claim for AA must be accurate and fair, and supported by documentary proof and a declaration. All claims for reimbursement of AA were also available for public inspection at the relevant DC secretariat. HAD would also issue guidelines to stipulate that the expenses so incurred must be wholly and necessarily for discharging DC duties.

53. As the representative of the DC constituency in the Legislative Council, Mr IP Kwok-him confirmed that in actual practice, some appointed DC members had not set up their own ward offices but had employed assistants to work in their business premises to handle DC-related work.

54. On the membership of the Independent Commission, DS(HA) informed members that of the five members of the Independent Commission, three members including the Commission chairman were also members of the Independent Commission on Remuneration for Members of the Executive Council and the Legislature of the HKSAR. The other two members were former DC members. DS(HA) said that as the two Commissions were tasked to examine the remuneration of Members of various tiers of representative government, certain overlapping in membership would be helpful.

55. The committee approved the proposal.

56. The Committee was adjourned at 4:00 pm.

Legislative Council Secretariat

29 January 2002