

立法會
Legislative Council

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Finance Committee of the Legislative Council

**Minutes of the 9th meeting
held at the Legislative Council Chamber
on Friday, 27 April 2007, at 3:00 pm**

Members present:

Hon Emily LAU Wai-hing, JP (Chairman)
Hon CHAN Kam-lam, SBS, JP (Deputy Chairman)
Hon James TIEN Pei-chun, GBS, JP
Hon Albert HO Chun-yan
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Hon LEE Cheuk-yan
Hon Martin LEE Chu-ming, SC, JP
Dr Hon David LI Kwok-po, GBS, JP
Hon Fred LI Wah-ming, JP
Hon Margaret NG
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon James TO Kun-sun
Hon CHEUNG Man-kwong
Hon CHAN Yuen-han, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP
Hon LEUNG Yiu-chung
Hon SIN Chung-kai, JP
Hon WONG Yung-kan, JP
Hon Howard YOUNG, SBS, JP
Dr Hon YEUNG Sum
Hon LAU Chin-shek, JP
Hon LAU Kong-wah, JP
Hon LAU Wong-fat, GBM, GBS, JP
Hon CHOY So-yuk, JP
Hon Andrew CHENG Kar-foo
Hon TAM Yiu-chung, GBS, JP
Hon LI Fung-ying, BBS, JP
Hon Tommy CHEUNG Yu-yan, JP

Hon Albert CHAN Wai-yip
Hon Frederick FUNG Kin-kee, SBS, JP
Hon Audrey EU Yuet-mee, SC, JP
Hon Vincent FANG Kang, JP
Hon WONG Kwok-hing, MH
Hon LEE Wing-tat
Hon LI Kwok-ying, MH, JP
Dr Hon Joseph LEE Kok-long, JP
Hon Daniel LAM Wai-keung, SBS, JP
Hon Jeffrey LAM Kin-fung, SBS, JP
Hon Andrew LEUNG Kwan-yuen, SBS, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Dr Hon KWOK Ka-ki
Dr Hon Fernando CHEUNG Chiu-hung
Hon CHEUNG Hok-ming, SBS, JP
Hon WONG Ting-kwong, BBS
Hon Ronny TONG Ka-wah, SC
Hon CHIM Pui-chung
Prof Hon Patrick LAU Sau-shing, SBS, JP
Hon Albert Jinghan CHENG
Hon KWONG Chi-kin
Hon TAM Heung-man

Members absent:

Dr Hon LUI Ming-wah, SBS, JP
Hon Bernard CHAN, GBS, JP
Dr Hon Philip WONG Yu-hong, GBS
Hon Jasper TSANG Yok-sing, GBS, JP
Hon Miriam LAU Kin-yee, GBS, JP
Hon Timothy FOK Tsun-ting, GBS, JP
Hon Abraham SHEK Lai-him, JP
Hon MA Lik, GBS, JP

Public officers attending:

Mr Frederick MA Si-hang, JP	Secretary for Financial Services and the Treasury
Mr Alan LAI Nin, GBS, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Miss Amy TSE, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Mr Alfred FOK	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)

Ms Carol YUEN	Deputy Secretary for Security 2
Mr Charles WONG	Principal Assistant Secretary for Security B
Mr Aaron CHEUNG, FSdsm	Chief Fire Officer (Fire Safety)
	Fire Services Department
Mr Alex SHUM	Senior Divisional Officer (Policy)
	Fire Services Department
Mr Simon LAM	Information Technology Services Manager
	Fire Services Department
Mrs Apollonia LIU	Acting Deputy Secretary for Security 1
Miss Rosalind CHEUNG	Assistant Secretary for Security
Mr Henrique KOO	Assistant Commissioner of Police
	(Operations), Hong Kong Police Force
Mr Jolly WONG	Acting Chief Telecommunication Engineer
	(Communications Branch)
	Hong Kong Police Force
Mr Stephen FISHER, JP	Secretary to the Commission on Poverty
Ms Edna WONG	Assistant Secretary to the Commission on
	Poverty
Ms Betty NG	Senior Labour Officer (Employment
	Services) (Transport Support Scheme)
	Labour Department

Clerk in attendance:

Ms Pauline NG	Assistant Secretary General 1
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Staff in attendance:

Miss Becky YU	Chief Council Secretary (1)1
Mrs Mary TANG	Senior Council Secretary (1)2
Ms Alice CHEUNG	Senior Legislative Assistant (1)1
Mr Frankie WOO	Legislative Assistant (1)2

Action

Item No. 1 - FCR(2007-08)4

CAPITAL WORKS RESERVE FUND

HEAD 710 – COMPUTERISATION

Fire Services Department

- ♦ **New Subhead “Implementation of an Integrated Licensing, Fire Safety and Prosecution System”**

The Chairman informed members that the Panel on Security was consulted on the proposal at its meeting on 6 February 2007.

2. While supporting the proposed implementation of an Integrated Licensing, Fire Safety and Prosecution System (LIFIPS) which would improve the operational efficiency of the Fire Services Department (FSD), Prof Patrick LAU enquired if the project would benefit building professionals, for example, in facilitating their submission of building plans for FSD's approval.

3. The Deputy Secretary for Security 2 (DS(S)2) said that the implementation of LIFIPS would enable more efficient processing of e-submission of applications for dangerous goods and timber store licences and for sale of portable fire equipment and submission of maintenance certificates for fire service installations. Template forms would be made available online and the data provided by the applicants would be automatically input into the system for further processing. This would make the e-submission channel more cost-effective and convenient for FSD and the public. Moreover, LIFIPS would enhance information management as it would be able to store and process a much greater variety of information. It would provide more field support by enabling inspecting officers to electronically access case-related data and reference information in the field.

4. Prof Patrick LAU further enquired if electronic copies of building plans could be submitted by building professionals following the implementation of LIFIPS. The Chief Fire Officer (Fire Safety) (CFO(FS)) said that as building professionals would have to submit their building plans to FSD via the Buildings Department (BD), plans in electronic forms would be accepted by FSD as long as they were acceptable to BD. Plans for fire services installations could also be submitted by electronic means although this was not a common practice of building professionals.

5. Ms Margaret NG enquired if the implementation of LIFIPS would facilitate the prosecution process as well. CFO(FS) explained that with the implementation of LIFIPS, all information relating to the same building/premises would be made accessible to all authorized officers in different Divisions and Commands. This would provide an electronic data platform through which FSD officers could better coordinate their law enforcement activities and make more informed decisions in relation to fire safety matters.

6. Given that the Administration had been criticized by the Director of Audit for late recovery of fines, Ms Margaret NG enquired whether LIFIPS would be able to expedite the recovery process. DS(S)2 said that LIFIPS would be able to enhance the efficiency in processing licence applications and taking prosecution actions. Through a system of reminders, LIFIPS would also assist in monitoring the progress of applications/prosecution actions. CFO(FS) added that as LIFIPS would be able to set out more clearly all information relating to buildings/premises and their record of compliance with the fire services regulations, it would facilitate FSD in the coordination of law enforcement activities. According to his understanding, there were not many outstanding fines related to the fire services legislation which had not been recovered by the Government.

7. Miss TAM Heung-man enquired if the enhancement of operational efficiency following the launching of LIFIPS would enable FSD to further improve its performance pledge. She also asked if staff would be made redundant as a result of the notional savings to be achieved after the implementation of LIFIPS. DS(S)2 said that a review would be conducted after LIFIPS had become operational for about a year. The performance pledge of FSD could be included in the context of the review. CFO(FS) added that while there would be savings in some of the work processes arising from the implementation of LIFIPS, this would not result in redundancy as staff concerned would be re-deployed to perform other duties.

8. The Chairman put the item to vote. The Committee approved the proposal.

Item No. 2 - FCR(2007-08)5

CAPITAL WORKS RESERVE FUND

HEAD 708 – CAPITAL SUBVENTIONS AND MAJOR SYSTEMS AND EQUIPMENT

Hong Kong Police Force

♦ **New Subhead “Replacement of the Radio System of the Operations Wing of the Hong Kong Police Force”**

9. The Chairman informed members that the Panel on Security was consulted on the proposal at its meeting on 6 March 2007.

10. Mr LAU Kong-wah, Chairman of Panel on Security, said that the Panel was generally supportive of the proposed system. The Administration had provided a supplementary information note to address members' concern about the security aspects associated with the outsourcing of the maintenance service of the proposed system. The Panel also conducted a visit to the headquarters of the Police Tactical Unit on 12 April 2007 and received a briefing on the work of the Special Duties Unit and the importance of the proposed system to the operational efficiency of the Hong Kong Police Force.

11. The Chairman put the item to vote. The Committee approved the proposal.

Item No. 3 - FCR(2007-08)6

HEAD 90 – LABOUR DEPARTMENT

♦ **Subhead 700 General non-recurrent
New Item “Pilot Transport Support Scheme”**

12. The Chairman informed members that the Subcommittee to Study the Subject of Combating Poverty (the Subcommittee) was consulted on the proposal at its meetings on 8 and 26 March 2007.

13. Mr Frederick FUNG, Chairman of the Subcommittee, said that the Subcommittee had held a number of meetings to discuss the proposed pilot Transport Support Scheme (TSS) since this was first raised by the Financial Secretary (FS) in his Budget speech of last year. Taking into account members' views, the Administration had further modified the Scheme and consulted the Subcommittee on 26 March 2007. The Subcommittee generally supported the proposed features of TSS as set out in the funding proposal, but requested that a review of TSS should be completed before the end of the one-year pilot period to ensure its continuity. The Subcommittee had also put forward the following concerns about the review for consideration by the Administration -

- (a) the policy bureau/department to be responsible for conducting the review of TSS;
- (b) a clear definition for "self-employed";
- (c) extension of the pilot scheme to low-income workers living in districts other than the four remote areas if they had to commute long distance to work;
- (d) setting up of a working group to deal with special cases; and
- (e) disregarding the transport allowances under TSS as earnings in the income assessment for public rental housing (PRH) in line with the Comprehensive Social Security Assistance (CSSA) Scheme.

14. The Secretary to the Commission on Poverty (Secy/CoP) explained that the review of TSS would be conducted by the bureau responsible for the labour portfolio, to be announced following the proposed reorganization of policy bureaux. The review would take into consideration suggestions put forward by the Subcommittee. Meanwhile, an enquiry hotline would be provided by the new TSS office to be set up under the Labour Department (LD) to answer enquiries on the implementation details of TSS. In case the public have doubts on their status, they could contact the TSS office for assistance. If the applicants were employees in essence, the TSS office would ensure needy employees could benefit from the Scheme.

15. Mr WONG Kwok-hing commended the Administration for its efforts in modifying TSS to assist the needy unemployed and low-income workers living in remote districts to find jobs and work across districts. He would particularly like to personally thank Secy/CoP for attending the meeting of the Tung Chung residents' association at late night to answer queries on the proposed TSS. He considered it necessary that a working group should be set up to deal with special cases without awaiting the review of TSS. Secy/CoP said that as TSS would be run on pilot for one year, there was a need to keep it simple and easy to understand. The implementation details would be clearly set out in order to minimize the administrative costs as far as possible.

16. Mr WONG Kwok-hing however remained of the view that there was a need for the establishment of a mechanism to deal with borderline cases. In addition, an appeal channel should also be made available to deal with rejected cases. Secy/CoP said that TSS was not aiming at addressing all the transport concerns faced by the needy unemployed and the low-income workers. The new TSS Office would oversee the implementation of the Scheme and the non-governmental organisation (NGOs) would be engaged to assist in the processing of TSS applications, the latter of which would approach LD for advice when necessary. Any complaints or requests for assistance could be dealt with by the TSS Office. As TSS was intended to be simple and easy to understand, it was unlikely that there would be too many arguments about implementation issues.

17. While supporting the proposal, Miss CHAN Yuen-han was of the view that the coverage of TSS should not be confined to residents of the four remote districts of Tuen Mun, Yuen Long, the North and Islands, but should also apply to Kwun Tong which was one of the poverty districts in Hong Kong. She agreed with Mr WONG Kwok-hing on the need for setting up a mechanism to deal with special cases, particularly given that CoP would be dissolved in June 2007. Secy/CoP said that Kwun Tong was an old district which had relatively more employment opportunities than the four remote districts. Besides, the transport costs incurred by residents of Kwun Tong in working across districts would be much less than those residing in remote districts. Miss CHAN however pointed out that low-income workers were facing keen competition for jobs and many of them had to seek employment in other districts, thereby incurring more transport costs. She hoped that CoP would take into account the plight of workers living in Kwun Tong who had to travel to other districts in search of jobs. The Secretary for Financial Services and the Treasury (SFST) said that the review of TSS to be conducted would certainly take into account the views put forward by members.

18. Mr TAM Yiu-chung declared interest as a member of CoP. He said that Members of the Democratic Alliance for Betterment and Progress of Hong Kong (DAB) supported the proposal which would assist the needy unemployed and low-income workers living in remote districts to find jobs and work across districts. DAB Members had requested the Administration to introduce TSS as soon as practicable; to streamline the application procedures; to review the effectiveness of TSS with a view to further relaxing the eligibility criteria; and to consider implementing TSS on a permanent basis. Secy/CoP said that CoP intended to launch TSS within the next two months and a review would be made at the end of the one-year pilot to see whether the eligibility criteria could be further relaxed. He however stressed that TSS was intended to assist workers to work across districts and not a long-term subsidy for low-income workers.

19. Mr Albert CHAN said that TSS was included in the 2006-2007 Budget and 2007-2008 Budget in the hope to secure Members' support for the budgetary spending in two consecutive years. As compared to the payouts on rates waivers and tax concessions amounting to almost \$20 billion under the 2007-2008 Budget, the

resources earmarked for CoP, amounting to \$300 million, were minimal. While not objecting to the implementation of TSS, he said that Members of the League of Social Democrats (LSD) considered the setting up of CoP a means through which the Administration could gain much publicity whereas very little concrete work had been done to help the poor. He further criticized CoP for failing to provide implementation details on TSS. He added that at the meeting with FS, LSD Members had pointed out that measures to combat poverty should be applied territory-wide and not confined to certain districts. A scale of transport allowances should be worked out for different income groups and these should be given in the form of concessions to be administered by the Inland Revenue Department with a view to reducing administrative costs.

20. Mr LEUNG Kwok-hung was of the view that TSS was meant to reduce the unemployment rate rather than to combat poverty as the needy families could not benefit much from the Scheme. The crux of the problem was the lack of job opportunities in the remote districts and the absence of minimum wages. He opined that CoP was merely a mechanism set up by the Administration to canvass votes for re-election, which explained why it would be dissolved soon after the election.

Cross-district Transport Allowance (CDTA)

21. Miss TAM Heung-man asked if CDTA applicants were required to work across districts for 72 hours or more a month for the same employer in order to be eligible for CDTA. Secy/CoP said that CDTA would be granted as long as the applicants worked across districts for 72 hours or more a month, irrespective of whether the employment was full-time or part-time, or whether more than one employer was involved. Should they be unable to exhaust the six-month CDTA in one job, they might claim the remaining balance in subsequent job(s) within the one-year qualifying period.

22. Mr LEE Cheuk-yan questioned why eligible low-income employees who worked across districts were only provided with CDTA of \$600 per month up to six months, despite that TSS would have a pilot run for one year. He opined that unless the workers were able to obtain salary increases within six months, they would still have to face with high transport costs arising from working across districts after the expiry of the six-month period. As a result, some might choose to revert back from self-reliance to welfare after the subsidy period. He was also concerned that TSS would not be implemented on a permanent basis, and enquired about the criteria for review and the circumstances under which consideration would be given to further extending the Scheme. Secy/CoP said that the objective of TSS was to provide an incentive for the needy living in remote areas to find jobs and to work across districts. Hence, CDTA would not be given on a permanent basis lest it would be regarded as a long-term subsidy for low-income workers living in remote areas. The Scheme would be regarded as successful if it could encourage the needy living in remote areas to find jobs and to work across districts, thereby moving from welfare to self-reliance. A review would be made at the end of the one-year pilot.

23. Miss TAM Heung-man was concerned that recipients could not afford the high transport costs to continue with their work across districts upon cessation of CDTA. Secy/CoP said that purpose of CDTA was to provide an incentive to work. It was hoped that once the recipients got used to work across districts, they would continue to do so even if no transport allowances were provided.

24. Dr Fernando CHEUNG pointed out that the relative lack of local employment opportunities in remote districts, possibly arising from poor town planning, had forced residents to work across districts. However, as the high transport costs had deterred some of the residents from seeking employment in other districts, incentives had to be provided to encourage them to work across districts. This had explained the need for TSS and this should not be regarded in any way as a subsidy for low-income workers. He added that the transport allowances under TSS should not be provided for a limited period of six months but should be continued until there was an increase in local employment opportunities in remote districts. Secy/CoP said that the aim of TSS was to help those with ability to work move from welfare to self-reliance and to address the problem of lack of local opportunities in remote districts. CDTA was meant as an incentive to encourage them to work across districts and not as a subsidy on a long-term basis and hence should be provided within a time frame.

25. Mr Frederick FUNG remained of the view the lack of local employment opportunities in remote districts had necessitated residents to work across districts. In order for needy residents of remote districts to move from welfare to self-reliance, they could either have to rely on increased wages and/or the availability of job opportunities within the remote districts. Therefore, in the absence of job opportunities in the remote districts, there was a need for the continuation of CDTA. Secy/CoP said that the need for a time limit for CDTA would be assessed in the review.

26. Mr Albert HO shared members' concerns about the inadequacies of TSS. He said that if CDTA were provided for six months only, the low-income workers would not continue their work across districts upon cessation of the allowance. As the crux of the problem rested with the high transport costs and the relative lack of local employment opportunities in remote districts, he considered it necessary that a thorough review of TSS should be conducted upon completion of the pilot, notwithstanding that CoP might have been dissolved by then.

Job Search Allowance

27. Noting that the Job Search Allowance was offered on a reimbursable basis, Miss TAM Heung-man enquired about the documentary proof which applicants had to provide to support their claims on job searches and transport costs. She pointed out that it might be difficult to provide evidence on transport costs which were mostly settled by way of octopus cards without a receipt. Secy/CoP clarified that no receipts would be required. The applicants needed only to complete the claim forms for Job Search Allowance showing details on job interviews attended and transport costs involved.

Income limit for TSS

28. While welcoming the proposal which had been long awaited, Mr LEE Cheuk-yan enquired about the basis upon which the income limit of \$5,600 for TSS was arrived at. He held the view that the proposed income limit was too low if compared to the internationally accepted definition of low income which was two-thirds of the median income amounting to \$6,600 or the CSSA payment of \$6,100 for a two-person household. Secy/CoP said that there was much debate over the proposed income limit and in-depth discussion had been held by CoP on the subject. It had been decided that the income limit should be set at \$5,600, being the sum of 50% of the monthly median income in Hong Kong (\$5,000) then and roughly half of the travelling expenses incurred by those living in remote areas and having to commute to work across districts (\$600).

29. Dr Fernando CHEUNG agreed that the income limit of \$5,600 was too low. He opined that special consideration should be given to extending TSS to needy families with three or more persons and with monthly household income below \$7,000. Secy/CoP explained that TSS aimed to provide additional incentives to low-income workers living in remote districts who wished to find jobs and work across districts. If there were two persons in the family who were working across districts, both of them would benefit from TSS. He reiterated that TSS was not meant to resolve the financial problems of low-income families, which should be addressed by other existing welfare measures such as the CSSA Scheme.

30. Mr Albert HO enquired if relief could be considered for low-income families with household income just exceeded \$5,600. By way of illustration, a family with a monthly income of \$5,800, which exceeded the income by a margin of \$200, should be allowed to have the excess amount deducted from the TSS allowance. In other words, the family would receive \$400 transport allowance instead of \$600. The provision of marginal relief was a common practice in tax computation and would not incur additional expenditure on the part of the Administration. Secy/CoP explained that there were always marginal cases when a line had to be drawn. He reiterated that the transport allowance was meant as an incentive to encourage the applicants to work across districts and not a subsidy for low-income families. TSS should be simple and easy to understand so that the administrative costs would be kept low vis-à-vis the amount of allowance to be disbursed. SFST added that there was a need to set an income limit for TSS, and that the Scheme should be simple in order to keep the administrative costs low.

31. Mr Frederick FUNG noted that under the prevailing housing policy, the income limit for a two-member household applying for PRH was \$10,300. If the two family members each earned \$5,150 and were each granted \$600 transport allowances, their total household income would exceed the prescribed limit of \$10,300, rendering them ineligible for PRH. In this connection, he enquired whether the transport allowances under TSS could be excluded as earnings for the purpose of assessing the eligibility for PRH. He also enquired if the income limit of

\$5,600 would refer to "take home pay" and exclude the employee's contribution to the Mandatory Provident Fund (MPF). Secy/CoP explained that the Housing Authority had been consulted on the provision of transport allowances under TSS and it had agreed that the allowances would not be counted towards the household income for the purpose of assessing eligibility for PRH, similar to the arrangement for CSSA.

32. Given that employee's contribution to MPF was only redeemable upon the age of 65, Mr LEE Cheuk-yan considered it unfair that this should form part of the "take home pay" in assessing the eligibility for TSS. Dr Fernando CHEUNG echoed that the transport allowance should not be counted towards the income of applicants for CSSA. Secy/CoP agreed that the income limit for TSS should refer to "take home pay" and he undertook to relay members' view to LD which was responsible for implementing the TSS. Given that TSS was meant as a time-limited incentive to encourage the needy to find jobs and to work across districts, confirmation would need to be sought from Social Welfare Department (SWD) that the allowances would not be counted towards the income of applicants for CSSA.

(Post-meeting note: In its reply to the Finance Committee circulated under LC Paper No. FC68/06-07 on 11 May 2007, Secy/CoP had confirmed that for the purpose of implementing TSS, the employee's contribution to MPF would be excluded in assessing the income limit of \$5,600 under TSS. Confirmation had been sought from SWD that the transport allowances of TSS would not be counted as income of applicants and recipients under the CSSA Scheme.)

Review of TSS

33. Mr WONG Kwok-hing requested that the review of TSS should be conducted six months after implementation rather than completion of the one-year pilot because by then, recipients would no longer be eligible for the transport allowances. As eligible workers could claim transport allowances within one year from the approval date of their applications Secy/CoP said that they could continue to receive the allowances while the review was underway. SFST reiterated that the review would be made at the end of the one-year pilot and members' views would be taken into account in the review. Mr LEE Cheuk-yan expressed concern that if the review was conducted at the end of the pilot, there would not be continuity in the system and new applicants wishing to apply for transport allowances would have to wait until the completion of the review. Secy/CoP assured members that the review would be conducted as soon as practicable at the end of the pilot so that its outcome could be made available for public reference.

34. Dr Fernando CHEUNG said that to ensure credibility, there was a need to engage an independent organization to conduct the review of TSS. To facilitate the conduct of the review, the parameters to be used in assessing the effectiveness of the Scheme should be worked out before its implementation. The scope of the review should not be confined to those who applied for the Scheme, but should include the

needy unemployed who had not applied so that their reasons for not taking part in the Scheme could be noted for reference and consideration. Secy/CoP said that points raised by Dr CHEUNG would be conveyed to the Administration for consideration.

Admin 35. The Chairman requested CoP to provide a written response to the concerns raised by members at the meeting. Mr WONG Kwok-hing requested that the guidelines on processing of applications under TSS issued to NGOs should be provided for members' reference. In response to the Chairman's question, Secy/CoP explained that 10 out of 17 NGOs confirmed in writing their interest in participating in the implementation of TSS while the remaining seven had declined the invitation mainly due to insufficient manpower.

36. The Chairman put the item to vote. The Committee approved the proposal.

37. The meeting was adjourned at 4:35 pm.

Legislative Council Secretariat
13 July 2007