

**立法會**  
**Legislative Council**

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**Finance Committee of the Legislative Council**

**Minutes of the 11th meeting  
held at the Legislative Council Chamber  
on Tuesday, 5 February 2008, at 10:45 am**

**Members present:**

Hon TAM Yiu-chung, GBS, JP (Chairman)  
Hon Emily LAU Wai-hing, JP (Deputy Chairman)  
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  
Hon Fred LI Wah-ming, JP  
Dr Hon LUI Ming-wah, SBS, JP  
Hon Margaret NG  
Hon James TO Kun-sun  
Hon CHAN Yuen-han, SBS, JP  
Hon CHAN Kam-lam, SBS, JP  
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP  
Hon WONG Yung-kan, SBS, JP  
Hon Jasper TSANG Yok-sing, GBS, JP  
Hon LAU Kong-wah, JP  
Hon Miriam LAU Kin-yee, GBS, JP  
Hon CHOY So-yuk, JP  
Hon Andrew CHENG Kar-foo  
Hon LI Fung-ying, BBS, JP  
Hon Tommy CHEUNG Yu-yan, SBS, JP  
Hon Albert CHAN Wai-yip  
Hon Audrey EU Yuet-mee, SC, JP  
Hon Vincent FANG Kang, JP  
Hon WONG Kwok-hing, MH  
Hon LI Kwok-ying, MH, JP  
Hon Jeffrey LAM Kin-fung, SBS, JP  
Hon Andrew LEUNG Kwan-yuen, SBS, JP  
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 KWONG Chi-kin  
Hon TAM Heung-man  
Hon Mrs Anson CHAN, GBM, JP

**Members absent:**

Hon James TIEN Pei-chun, GBS, JP  
Dr Hon David LI Kwok-po, GBM, GBS, JP  
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP  
Hon CHEUNG Man-kwong  
Hon Bernard CHAN, GBS, JP  
Hon LEUNG Yiu-chung  
Hon SIN Chung-kai, SBS, JP  
Dr Hon Philip WONG Yu-hong, GBS  
Hon Howard YOUNG, SBS, JP  
Dr Hon YEUNG Sum, JP  
Hon LAU Chin-shek, JP  
Hon LAU Wong-fat, GBM, GBS, JP  
Hon Timothy FOK Tsun-ting, GBS, JP  
Hon Abraham SHEK Lai-him, SBS, JP  
Hon Frederick FUNG Kin-kee, SBS, JP  
Hon LEE Wing-tat  
Dr Hon Joseph LEE Kok-long, JP  
Hon Daniel LAM Wai-keung, SBS, JP  
Hon Alan LEONG Kah-kit, SC  
Hon Ronny TONG Ka-wah, SC  
Hon CHIM Pui-chung  
Prof Hon Patrick LAU Sau-shing, SBS, JP  
Hon Albert Jinghan CHENG, JP

**Public officers attending:**

Professor K C CHAN, SBS, JP	Secretary for Financial Services and the Treasury
Mr Stanley YING, 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)
Miss Jennifer MAK, JP	Director of Administration
Miss Shirley YUNG	Deputy Director of Administration (1)
Mr Wilfred WU	Principal Executive Officer (Administration)

**Clerk in attendance:**

Ms Pauline NG

Assistant Secretary General 1

**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

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Action

**Item No. 1 - FCR(2007-08)56**

**HEAD 184 – TRANSFERS TO FUNDS**

**♦ Subhead 990 Payment to the Disaster Relief Fund**

The Chairman informed members that this urgent meeting was held to discuss the Administration's proposal of transferring additional funds of \$250 million from the general revenue to the Disaster Relief Fund (DRF) to provide emergency relief to the snowstorm victims in the Mainland.

2. The Director of Administration (D of Admin) explained that DRF was established on 1 December 1993 for disaster relief in places outside Hong Kong. DRF was topped up at the start of each financial year, and as necessary during the financial year, depending on calls for relief and the size of the Fund balance and commitments. Since early January 2008, various provinces of the Mainland had been severely battered by the heaviest snowstorms in 50 years, which had led to the collapse of houses and inundation of farmland. The inclement weather had also wreaked havoc upon the transportation system and electricity network, causing a food shortage in many parts of the affected areas. The Administration had been in close contact with the Central People's Government (CPG) to understand the situation and seek advice on how Hong Kong could help and contribute towards the disaster relief work. CPG's advice was that aid from Hong Kong would best be channeled towards Hunan and Guizhou, the two provinces which were hardest hit by the snowstorms. The Administration had also been in touch with the Guangdong authorities to see if they would need any assistance. In addition, several major relief organizations had submitted or would shortly be submitting applications for grants from DRF for providing emergency relief to the snowstorm victims. As the current balance of DRF was not sufficient to cater for the immediate need for emergency relief to victims affected by the snowstorms as well as the potential need for relief to victims from other disasters which might arise in the remainder of the current financial year, the Administration had proposed that a supplementary provision of \$250 million be injected into DRF.

3. Given that more than 77.8 million people were affected by the snowstorms, Dr KWOK Ka-ki doubted the adequacy of the proposed emergency relief. He asked if additional provision would be required in the future. His view was shared by Mr LEE Cheuk-yan. Mr Albert CHAN echoed that compared with other grants for disaster relief in places outside Hong Kong in the past, the current proposal of injecting \$250 million into DRF, representing only \$3 per person for the 77.8 million snowstorm victims, was far from enough. It was also a blunder for the Administration to take action only in reaction to CPG's advice, which in his view, was tantamount to a catastrophe in public relations, made worse by asking CPG to ensure stable food supply to Hong Kong under such adverse conditions. He strongly urged the Administration to consider increasing the amount of injection as well as the coverage of disaster relief work to all the affected provinces/municipalities. Miss CHAN Yuen-han also said that the amount of injection was below her expectation, given the close relationship between the Mainland and Hong Kong. She agreed that the Administration should apply for more funding if necessary.

4. D of Admin responded that disaster relief work in the areas affected by the snowstorms did not rely solely on the donation from Hong Kong. As explained, the Administration would take heed of the advice from CPG to ensure the best use of resources and to avoid duplication. The current proposal had been drawn up taking into account CPG's advice. The Administration would consider applying for more funding if further calls for assistance were received. Besides, there were fund raising activities and relief work undertaken by the general public via different channels.

5. While supporting the proposal, Mr WONG Yung-kan held the view that the Administration should have submitted the funding proposal earlier in order to provide timely emergency relief to the snowstorm victims. D of Admin explained that the Administration had to ascertain the situation before submitting the relevant funding application. The current proposal was drawn up upon receipt of information from CPG on 4 February 2008. Prompt action had been taken to submit the funding proposal to the Finance Committee (FC) for consideration at this special meeting.

6. Dr Fernando CHEUNG expressed support for the proposal. Given the plight of the snowstorm victims, particularly those who were rendered homeless, stranded by shortage of food, water and power supply, he opined that the situation called for special attention, and that it was incumbent upon Hong Kong to assist these victims as far as practicable.

#### Target provinces/municipalities for emergency relief

7. Mr CHAN Kam-lam expressed support for the proposal given the close tie between Hong Kong and the Mainland. Noting that 19 provinces were affected with different extent of severity by the snowstorms, Mr CHAN considered that the Administration should take a proactive approach in assessing the needs of victims so that appropriate assistance could be provided, rather than relying on the efforts of relief organizations. It should also contact the provincial/municipal governments of

the affected areas direct instead of reacting passively to requests from CPG. This would project a better image of the Government in delivering relief assistance. Mr Martin LEE agreed that the Administration should contact individual affected provinces to understand their needs. While supporting the proposal, Dr Kwok Ka-ki enquired if areas other than Guizhou, Hunan and Shaoguan were also in need of help.

8. Mr Jeffrey LAM said that Members belonging to the Liberal Party supported the proposal. It was worth noting that despite the adversity faced by the Mainland, CPG had still pledged to ensure stable supply of food to Hong Kong. Hence, Hong Kong was obliged to reciprocate such kindness and provide assistance to the victims as far as practicable. In this connection, the business sector had organized donation campaigns with a view to providing prompt relief assistance to the victims concerned. He also shared members' view that adequate funding should be directed to affected provinces and municipalities in more remote and less accessible areas.

9. Mr Albert HO said that the Members belonging to the Democratic Party supported the proposal. He nevertheless questioned why the relief fund would only target at Hunan and Guizhou. He opined that where possible, the Administration should reach out further to other affected areas through the network of experienced relief agencies.

10. Ir Dr Raymond HO said that Members belonging to the Alliance supported the funding proposal. He agreed that the Administration should take a more proactive role in contacting the affected provincial/municipal authorities to understand their needs. While the contribution made under the proposal would not be sufficient to provide emergency relief for all snowstorm victims, this should be evenly distributed as far as possible among the affected areas to show the care and concern of Hong Kong.

11. Mr Albert CHAN expressed concern that only two out of the 19 affected provinces were able to benefit from the emergency relief from Hong Kong, which in his view should be fairly distributed among the affected areas. He therefore urged the Administration to liaise with the Economic and Trade Offices in the Mainland to collate more information on the overall situation and the needs of affected areas. Expressing similar concern, Dr Fernando CHEUNG enquired about the criteria for selecting target beneficiaries under the current proposal.

12. D of Admin responded that the Administration had maintained close liaison with CPG, which had the best grasp of the overall situation and the needs of victims. Hence, it would be more effective to provide emergency relief in accordance with the advice from CPG. Nevertheless, the Administration acknowledged the importance of directing emergency relief to these most in need, and would take prompt action once it was apprised of the needs of victims. Apart from CPG, the Administration had also contacted the Guangdong authorities direct to see if they would need any help. Further contacts with other provincial/municipal authorities would be made in due course. On relief work, D of Admin said that CPG and local authorities of affected

areas had been vigorously carrying out relief work. The Administration had also approved a grant of \$8 million from DRF to a relief organization to provide emergency relief to snowstorm victims in areas such as Guangxi, Guizhou, Hunan and Jiangxi. Through the network of relief organizations, the business sector and voluntary groups, relief work could be rolled out to cover a wider geographical extent. The Secretary for Financial Services and the Treasury assured members that the Administration would continue to communicate with CPG in determining the best course of actions. The current proposal was deemed appropriate at the present stage.

13. Mr James TO asked if the Administration was aware of how the provincial/municipal governments would utilize the relief fund from Hong Kong. In his view, local provincial/municipal governments should be encouraged to collaborate with major relief organizations in carrying out disaster relief work given the expertise of the latter. It was also strategically desirable to take advantage of the network of major relief organizations in disseminating information on the progress of disaster relief work. Ir Dr Raymond HO echoed that non-governmental relief organizations could offer assistance in various aspects and complement the relief efforts of the local governments. D of Admin responded that relief organizations would usually collaborate with local governments in the Mainland, with an aim to help as many victims as possible without duplicating efforts. The Administration would keep abreast of the latest development and offer assistance via different channels where necessary.

#### Funding for relief organizations

14. Referring to the proposed building in of a buffer of \$19 million in DRF for further applications from relief organizations, Miss CHOY So-yuk enquired about the basis upon which the amount was determined, and whether this was sufficient to meet future applications for disaster relief for the victims given the severity of the impacts of snowstorms. Miss CHAN Yuen-han echoed that the limited size of the buffer might reduce flexibility in funding support for relief organizations.

15. D of Admin replied that the buffer was only meant to cater for further applications from relief organizations prior to the close of 2007-08 financial year, i.e. 31 March 2008. DRF would be topped up at the start of each financial year, and as necessary during the financial year, depending on calls for relief and the size of Fund balance and commitments. She reassured members that the Administration maintained close liaison with major relief organizations to understand and keep in view the progress and adequacy of funding applications.

16. Given the sound fiscal situation of the Government, Mr Albert HO held the view that the proposed injection of \$250 million into DRF fell short of expectation, and that further funding proposals should be submitted if the current grant was deemed insufficient. He also agreed with other members that the \$21 million earmarked for application by relief organizations under the current proposal seemed far from adequate, and that more funding should be made available for these

organizations given their valuable experience in providing disaster relief. D of Admin advised that relief organizations could apply for further funding where necessary as there was no limit on the number of funding applications. However, it was worth noting that these organizations might not have sufficient manpower to provide further disaster relief. While acknowledging that the availability of manpower resources was crucial for the provision of disaster relief by relief organizations, Mr James TO stressed the need for the Administration to reassure these organizations that they could apply for more funding such that their relief work would not be unduly constrained because of insufficient funding. D of Admin confirmed that relief organizations were well aware that further funding applications were allowed. They would usually submit funding applications in batches rather than in one go. In any case, the Administration would process the applications in an expeditious manner.

17. Miss TAM Heung-man however took a different view. She was concerned about unequal distribution of DRF in the absence of an upper limit on the number of funding applications that could be submitted by relief organizations. D of Admin explained that under the prevailing control mechanism, the Financial Secretary (FS) had been authorized to approve each individual disbursement of \$8 million or below. Approval from FC would be required for individual grants exceeding this delegated limit. She assured members that if the funding applied under the current proposal was later found to be inadequate, additional funding could be sought subject to the established approval procedures. D of Admin reiterated that the Administration had been in contact with major relief organizations on the sum of relief grant applied for and the adequacy of the applied funding.

#### Control mechanism of DRF

18. Mr LEE Cheuk-yan expressed concern that the long lead time for processing funding applications from relief organizations might affect the timely delivery of emergency relief to snowstorm victims. He enquired about the time required for processing funding applications from relief organizations for the \$8 million grant approved in early February 2008. D of Admin said that approval from the Disaster Relief Fund Advisory Committee (DRFAC) would be sought as soon as the Administration received funding applications from these organizations. The process could be expedited by circulation of relevant papers to DRFAC members.

19. Mr WONG Kwok-hing expressed support for the proposal. As the Hong Kong Federation of Trade Unions had initiated its own fund raising activities earlier in the month, he agreed to the need to put in place a proper control mechanism to monitor and optimize the use of relief fund to help the needy, without duplication of efforts. His view was shared by Ms Emily LAU, Mr Albert CHAN, Miss TAM Heung-man, Mr LEE Cheuk-yan, Dr KWOK Ka-ki and Dr Fernando CHEUNG. In response, D of Admin confirmed that a control mechanism was in place to ensure the proper use of relief fund. The Secretariat of DRFAC was responsible for monitoring the use of DRF in consultation with DRFAC.

Under the prevailing practice, the Secretariat would look into the track records of relief organizations when considering their funding applications. Relief organizations were requested upon approval of applications to submit evaluation reports to account for the use of funds in disaster relief work. In considering funding applications, the Administration attached great importance to avoiding duplicated purposes, with a view to optimizing the number of beneficiaries.

20. While agreeing that there was a need for evaluation reports, Ms Emily LAU stressed the need for relief organizations to state in their funding applications the details of disaster relief work to ensure the effective use of funds. She also enquired about the criteria for approving applications for varying the use of funds. Mr Albert CHAN expressed in-principle support for the funding application as a gesture of reciprocating CPG's previous benevolence to Hong Kong in times of adversities, such as at the outbreak of the Severe Acute Respiratory Syndrome and during economic downturn. However, he emphasized the need for adequate supervision on the use of funds to ensure that this would not be embezzled by unscrupulous Mainland officials, as corruption was not uncommon in the Mainland. Dr Fernando CHEUNG shared members' concern on the need for a control mechanism to monitor the use of relief funds. In his view, the Administration should ensure proper management and coordination of disaster relief work sponsored by DRF, albeit some degree of autonomy should be accorded to the provincial/municipal governments/relief organizations in using the funds. Mr Albert HO agreed that it would not be desirable to build in too many rigid rules on the use of DRF, and that some flexibility should be allowed for relief organizations so long as the broader targets of disaster relief were met. Besides, these organizations were required to submit evaluation reports to account for the use of DRF.

21. D of Admin reiterated that the Administration had maintained close liaison with CPG to understand the situation and determine how the relief fund could be best utilized. In the light of the fast deteriorating conditions, the Administration had to respond as expeditiously as possible to the needs for grants from provincial/municipal governments/relief organizations to provide emergency relief to the snowstorm victims. Therefore, the Administration had proposed to seek FC's approval for FS to make grants each in excess of \$8 million for the purpose of providing emergency relief to the snowstorm victims in the Mainland upon the advice of DRFAC. Given the exceptional and urgent circumstances, the Administration had exercised flexibility in approving funding applications from relief organizations to facilitate swift planning and conduct of disaster relief work. Where justified, relief organizations would be allowed to re-deploy the relief fund for other purposes taking into account the needs of affected areas. Individual cases of such change in relief plans would be considered beforehand by the Administration in consultation with DRFAC. Procedurally, they would be required to provide evaluation reports to account for the use of funds upon completion of their relief programmes. The Deputy Director of Administration (1) supplemented that audited accounts of relief funds would also be required for scrutiny by the Director of Audit.

22. Mr LEE Cheuk-yan said that Members belonging to the Hong Kong Confederation of Trade Unions supported the proposal. He asked if the provincial/municipal authorities would also be required to submit evaluation reports on the use of the relief fund from Hong Kong. Ms Emily LAU echoed that the provincial/municipal governments concerned should provide audited accounts for inspection as well. She enquired if such reports would be made available for scrutiny by the Legislative Council or the relevant Panels and if so, the timing for submission of these reports. D of Admin responded that the provincial/municipal authorities would have to observe the same practice applicable to relief organizations for control purpose. Audited accounts would only be required if the relief funds were granted to non-governmental organizations.

23. Ms Emily LAU was not convinced that government and non-government should be subject to different control criteria. In her view, government authorities should also be required to submit audited accounts in respect of grants received. In this regard, D of Admin confirmed that it was an established practice of not requiring government authorities to submit audited accounts of relief grants, as a gesture of good will and trust.

24. Ir Dr Raymond HO opined that consideration could be given to expanding the size of DRF and raising the existing delegated limit of \$8 million, with a view to enhancing flexibility in deploying DRF to help the snowstorm victims. Mr LEE Cheuk-yan concurred that the same might apply to other cases taking into account their own merits. D of Admin welcomed members' suggestions. She said that the Administration would review the delegated limit of DRF where appropriate in future.

25. Mr LEE Cheuk-yan considered that instead of focusing on providing emergency relief for aftermath of natural disasters, DRF should be revamped to provide long-term development aid to the affected areas to prevent future recurrences of such disasters. D of Admin said that DRF was established in 1993 to provide disaster relief in places outside Hong Kong. She nevertheless assured Mr LEE that his view would be taken into account in future review of DRF.

#### Other forms of emergency relief

26. Mr WONG Kwok-hing held the view that the Administration should appeal to the public for donation and assistance to the snowstorm victims. D of Admin confirmed that apart from DRF, the Home Affairs Department (HAD) was actively liaising with relevant government departments to expedite the processing of applications for fund raising activities by local groups. Members of the public were informed of the suitable channels through which their donations could reach relief organizations. Hong Kong manufacturers and businessmen in the affected areas were also encouraged to open their factories and quarters to those staff who were unable to return to their hometowns during the Lunar New Year owing to the inclement weather.

27. Miss CHOY So-yuk considered that the Administration should also provide a platform to facilitate the collection of in-kind donation, such as food, clothes and quilts. Arrangements with the Customs and Excise Department should be made to expedite the inspection process to ensure timely delivery across the border. D of Admin reckoned that the public was very enthusiastic in offering donations in various forms. Noting that many local groups or relief organizations were very experienced in this respect, HAD would coordinate such initiatives where practicable.

28. While agreeing that monetary contribution was the swiftest and most convenient type of assistance, Dr Fernando CHEUNG pointed out that material donation was also needed, as the supply of basic commodities might be affected by the disruption of the transportation system in the affected areas. As it would be more convenient to purchase and obtain relief materials in Hong Kong, the Administration should contribute more than purely providing financial assistance. He asked if CPG had requested for material relief. D of Admin responded that the Administration would take into account advice from government authorities of disaster-hit areas in determining the types of relief assistance to be provided, i.e. financial grants, relief materials or other forms of assistance. The current proposal was drawn up on the advice of CPG that monetary aid from Hong Kong should best be made towards Hunan and Guizhou provincial governments for disaster relief and rehabilitation work. Besides, provision of relief materials usually formed part of the disaster relief work of relief organizations.

29. Mr Jeffrey LAM opined that snowstorm victims might require medical support. He asked whether the Administration would arrange medical professionals to participate in the disaster relief work. Miss CHOY So-yuk agreed that efforts should be made to coordinate participation of medical professionals and other volunteers in this respect. D of Admin explained that the provincial/municipal governments/relief organizations could make use of the relief grants to purchase necessary medical supplies. As regards participation of medical professionals in disaster relief work, D of Admin said that the Administration could liaise with doctors' associations to see how the Government could assist in this respect if necessary.

30. Noting that as some 7.2 million hectares of farmland were wrecked by the snowstorms, and that damage in the more remote areas had yet to be ascertained, Mr WONG Yung-kan considered it vital to assist farmers to restore the productivity of affected farmland. He therefore asked if the Administration had any restoration plan for the farmland. D of Admin pointed out that the subject matter fell outside the scope of DRF. Nevertheless, the Administration would see if resources from other channels were available to provide the necessary assistance.

31. Dr KWOK Ka-ki enquired if part of the relief fund could be used for post-emergency reconstruction programmes. Ms Emily LAU agreed that financial assistance should be earmarked for reconstruction projects, which included the rebuilding of public utilities in the affected areas. In response, D of Admin said that the relief fund under the current proposal aimed at providing for immediate disaster

relief work. Separate consideration for funding for reconstruction works in the affected areas would need to be given.

32. Miss CHAN Yuen-han shared members' concern about the need for long-term reconstruction of the snowstorm-stricken areas. She suggested that the Administration should consider amending, where appropriate, the terms of reference of DRF to expand its coverage to include reconstruction aid. Given the limited amount of injection under the current funding proposal, Dr Fernando CHEUNG opined that careful consideration should be given to optimizing the relief fund for immediate disaster relief and post-emergency reconstruction. D of Admin explained that at this stage, priority would be accorded to immediate disaster relief work.

33. While supporting the proposal, Mrs Anson CHAN expressed concern about the need of snowstorm victims for relief materials. She urged for timely purchase and delivery of such materials through government channels or relief organizations.

34. Dr KWOK Ka-ki asked if arrangement could be made for representatives of the Legislative Council, DRFAC and the Administration to visit the affected areas to better understand the situation. This would help facilitate the consideration by the said parties of whether additional funding would be needed, and monitor the progress of the disaster relief work funded by Hong Kong. His view was shared by Dr Fernando CHEUNG and Miss CHAN Yuen-han. D of Admin took note of Members' suggestion.

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

36. The meeting was adjourned at 12:40 pm.

Legislative Council Secretariat

18 September 2008