

**立法會**  
**Legislative Council**

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**Finance Committee of the Legislative Council**

**Minutes of the 3<sup>rd</sup> meeting**  
**held at the Legislative Council Chamber**  
**on Friday, 3 December 2010, at 3:00 pm**

**Members present:**

Hon Emily LAU Wai-hing, JP (Chairman)  
Prof Hon Patrick LAU Sau-shing, SBS, 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 Fred LI Wah-ming, SBS, JP  
Dr Hon Margaret NG  
Hon James TO Kun-sun  
Hon CHEUNG Man-kwong  
Hon CHAN Kam-lam, SBS, JP  
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP  
Hon LEUNG Yiu-chung  
Dr Hon Philip WONG Yu-hong, GBS  
Hon WONG Yung-kan, SBS, JP  
Hon LAU Kong-wah, JP  
Hon LAU Wong-fat, GBM, GBS, JP  
Hon Miriam LAU Kin-yee, GBS, JP  
Hon Andrew CHENG Kar-foo  
Hon TAM Yiu-chung, GBS, JP  
Hon Abraham SHEK Lai-him, SBS, JP  
Hon LI Fung-ying, SBS, JP  
Hon Tommy CHEUNG Yu-yan, SBS, JP  
Hon Frederick FUNG Kin-kee, SBS, JP

Hon Audrey EU Yuet-mee, SC, JP  
Hon Vincent FANG Kang, SBS, JP  
Hon WONG Kwok-hing, MH  
Hon LEE Wing-tat  
Hon CHEUNG Hok-ming, GBS, JP  
Hon WONG Ting-kwong, BBS, JP  
Hon Ronny TONG Ka-wah, SC  
Hon CHIM Pui-chung  
Hon KAM Nai-wai, MH  
Hon Cyd HO Sau-lan  
Hon Starry LEE Wai-king, JP  
Dr Hon LAM Tai-fai, BBS, JP  
Hon CHAN Hak-kan  
Hon Paul CHAN Mo-po, MH, JP  
Hon CHAN Kin-por, JP  
Dr Hon LEUNG Ka-lau  
Hon CHEUNG Kwok-che  
Hon WONG Sing-chi  
Hon WONG Kwok-kin, BBS  
Hon IP Wai-ming, MH  
Hon IP Kwok-him, GBS, JP  
Hon Mrs Regina IP LAU Suk-ye, GBS, JP  
Dr Hon PAN Pey-chyou  
Hon Paul TSE Wai-chun  
Dr Hon Samson TAM Wai-ho, JP  
Hon Alan LEONG Kah-kit, SC  
Hon LEUNG Kwok-hung  
Hon Tanya CHAN  
Hon Albert CHAN Wai-yip  
Hon WONG Yuk-man

**Members absent:**

Dr Hon David LI Kwok-po, GBM, GBS, JP  
Hon Timothy FOK Tsun-ting, GBS, JP  
Dr Hon Joseph LEE Kok-long, SBS, JP  
Hon Jeffrey LAM Kin-fung, SBS, JP  
Hon Andrew LEUNG Kwan-yuen, GBS, JP  
Dr Hon Priscilla LEUNG Mei-fun

**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)
Ms Alice LAU, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) <sup>1</sup>
Ms Elsie YUEN	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Dr Catherine CHAN	Deputy Secretary for Education (5)
Mrs Alice CHEUNG	Principal Assistant Secretary for Education (Education Infrastructure)
Dr Francis CHEUNG, MH	Secretary General of Hong Kong Examinations and Assessment Authority
Mr Victor CHENG	Director (Corporate Services) of Hong Kong Examinations and Assessment Authority
Mrs Pamela TAN KAM Mi-wah, JP	Director of Home Affairs
Miss Dora FU Ha-man, JP	Assistant Director of Home Affairs (3)

**Clerk in attendance:**

Mrs Constance LI	Assistant Secretary General 1
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**Staff in attendance:**

Mr Daniel SIN	Senior Council Secretary (1)7
Mr Frankie WOO	Senior Legislative Assistant (1)3
Ms Christy YAU	Legislative Assistant (1)1

**Item No. 1 - FCR(2010-11)45**

**HEAD 156 – GOVERNMENT SECRETARIAT:  
EDUCATION BUREAU**

**Subhead 700 General Non-recurrent**

**Item 952 Grant to the Hong Kong Examinations and Assessment Authority for temporary accommodation of a centralised onscreen marking centre on Hong Kong Island**

**Subhead 700 General Non-recurrent**

**New Item “Grant for conducting the 2011 Hong Kong Certificate of Education Examination and the 2013 Hong Kong Advanced Level Examination for private candidates”**

The Chairman said that the item sought the Committee's approval for –

- (a) an increase in commitment for the rental of a centralised onscreen marking (OSM) centre of the Hong Kong Examinations and Assessment Authority (HKEAA) on Hong Kong Island from \$16 million by \$41.15 million to \$57.15 million, to meet the rental and related costs for about five years; and
- (b) the creation of a new commitment of \$90.65 million as a one-off funding support to HKEAA to meet the expenses in conducting the 2011 Hong Kong Certificate of Education Examination (HKCEE) and the 2013 Hong Kong Advanced Level Examination (HKALE) for private candidates.

2. The Chairman said that the proposal had been discussed at the meeting of the Panel on Education held on 8 November 2010. The Administration had also provided an information note (FC20/10-11) on the proposal.

3. Ms Starry LEE, Chairman of the Panel on Education, said that Panel members supported the funding proposals in principle. Some Panel members were concerned that HKEAA had under-estimated its long term office accommodation requirements, which had led to high rental cost for maintaining the OSM operation. Panel members were also concerned whether HKEAA had offset the income from rechecking/remarking of examination papers in

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calculating the amount of the proposed one-off non-recurrent grant to be sought from the Administration.

4. Mr WONG Kwok-hing expressed concern about the levels of examination fees for a subject in the 2011 HKCEE and 2013 HKALE, and asked whether the fees could be reduced or frozen after the funding proposal was approved. He also asked if financial assistance or fee exemption would be provided for students with financial hardship, and the eligibility criteria for such waiver, if available. The Director (Corporate Services) of HKEAA advised that the examination fees for a non-language subject of 2011 HKCEE and an Advanced Supplementary Level non-language subject for 2011 HKALE would be \$114 and \$204 respectively. The Secretary General of HKEAA added that it was not HKEAA's intention to pass the full costs of these examinations on to private candidates of these two examinations. It had therefore sought a one-off grant to meet the anticipated deficits. However, the 2013 HKALE fees might still have to be reviewed in 2012 taking into account the prevailing economic situations at the time, including inflation.

5. The Secretary General of HKEAA further advised that eligible students who were in financial difficulties could apply for examination fees remission from the Student Financial Assistance Agency, or apply for support under the Comprehensive Social Security Assistance (CSSA). In response to Mr CHEUNG Man-kwong, the Secretary General of HKEAA clarified that the HKEAA might still consider waiving all or part of the remarking fees for candidates with grave financial difficulties on a case-by-case basis.

6. The Chairman asked about the timeframe for the Administration to seek the Finance Committee's (FC) approval for the funding proposal for redevelopment of HKEAA's headquarters in San Po Kong, and the arrangements to minimize disruption to examination services during redevelopment. The Secretary General of HKEAA advised that the redevelopment project was now in the detailed design stage. The District Council and the relevant committees of the Legislative Council (LegCo) would be consulted at an appropriate time. The proposed facilities at HKEAA headquarters in San Po King would also include facilities for logistics support and examinations. To minimize the impact on candidates during redevelopment, HKEAA would rent commercial offices and make use of school halls or classrooms to provide the necessary venues for temporary office and examinations.

7. The Chairman put the item to vote. The Committee approved the funding proposal.

**Item No. 2 - FCR(2010-11)46**

**HEAD 63 – HOME AFFAIRS DEPARTMENT**

**Subhead 000 Operational expenses**

**Subhead 700 General non-recurrent**

8. The Chairman said that the item sought the Committee's approval of the proposed enhancements to the remuneration package for members of the District Councils (DCs) by two phases, with effect from 1 January 2011 and 1 January 2012, respectively.

9. Referring to Rule 84(1) of the Rules of Procedure, the Chairman advised that as those LegCo Members who were also DC members had an interest which was "in common with the rest of the population of Hong Kong or a sector thereof", these members were allowed to speak and vote on the proposal. The following members declared that they were currently DC members:

Mr IP Kwok-him  
Mr Albert CHAN  
Mr WONG Kwok-hing  
Mr WONG Yung-kan  
Mr LEUNG Yiu-chung  
Ms Starry LEE  
Mr CHEUNG Hok-ming  
Mr Frederick FUNG Kin-kee

10. The Chairman said that the proposals had been discussed by the Panel on Home Affairs on 12 November 2010. Mr IP Kwok-him, Chairman of the Panel on Home Affairs, reported that Panel members supported the funding proposals in principle. The Panel suggested that the Administration should improve DC members' remuneration in order to attract high calibre and experienced talents to run for DC offices.

11. Mr IP Kwok-him further said that Members belonging to the Democratic Alliance for the Betterment and Progress of Hong Kong supported the Administration's proposals. However, he commented that the proposed 15% increase in the rate of the Operating Expenses Reimbursement (OER) was inadequate, especially for DC members who could not enjoy rent-free office in public housing development and had to pay high office rental expenses. He hoped that the second phase of the proposed enhancements, which would provide medical allowance, end-of-term gratuity and Entertainment Expenses

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Reimbursement for DC members in the next term, could be advanced to 2011 to benefit current DC members as well. Mr WONG Kwok-hing asked whether the Administration would consider providing more support to DC members to help them meet the office accommodation needs.

12. The Director of Home Affairs (DHA) advised that the Administration had considered various options to address the office accommodation needs of DC members such as allocating office spaces in Government buildings. However, not every constituency had Government office buildings and Home Affairs Department's district offices would not have sufficient space to accommodate each and every DC member of the district. Moreover, DC members might have their own preference or requirements for their offices that Government accommodation could not satisfy. The Administration considered that the provision of OER would provide more flexibility to DC members in deploying resources to meet their office accommodation needs.

13. Mr Albert CHAN criticized the Administration for giving preference to providing generous improvements to DC members' remuneration but was not as forthcoming in allocating resources to raise the level of CSSA or providing more support measures for the disadvantaged or unemployed. He pointed out that the Administration's proposals would increase the remuneration package of DC members by 22 times as compared to 1982 when District Board was first established. Mr CHAN queried that such a substantial increase was not justified since there was not much change in the work nature and functions of DCs.

14. DHA responded that following the 2006 review of district administration, the roles and functions of DC members had been expanded starting from the term of 2008. Additional resources had been provided to DCs for carrying out community involvement programmes and district minor works projects. DCs had also participated in the management of district facilities. The proposed enhancement package was developed having taken into account the recommendations of the Independent Commission on Remuneration for Members of the District Councils of the Hong Kong Special Administrative Region (Independent Commission) to reflect the increase in the volume and complexity of work of DC.

15. Mr Albert CHAN opined that DCs' scope of work had remained unchanged over the years, and the constituency boundaries of DCs had even shrunk compared to earlier times when he was an elected DC member. The Administration had not honoured its promise of giving DCs more powers after the abolition of the two former municipal councils. Mr CHAN surmised that

the current funding proposals were only designed to benefit the pro-establishment camp as they formed the majority of DC members.

16. Mr WONG Yung-kan, however, held a different view that the Administration had in fact strengthened consultation with DCs especially over the minor works and rural improvement programmes. Mr LEUNG Yiu-chung commented that the level of OER was not sufficient for DC members to recruit and retain assistants and to improve services to the public. He suggested that further improvements should be provided. Mr LEUNG suggested that the Administration should consider giving DC members more executive powers in district administration matters similar to the former municipal council members.

17. DHA assured members that the Administration would work in close partnership with DC members in district administration, and would continue to give due consideration of the views of DCs when formulating policies that would affect the districts.

18. Ms Starry LEE supported the Administration's funding proposals. She also expressed disagreement with Mr Albert CHAN's view that the proposed enhancement package would only benefit the pro-establishment camp. She considered that the community as a whole would benefit when DC members were provided with better funding support to improve their services to the districts.

19. Mr WONG Kwok-hing and Ir Dr Raymond HO expressed support for the funding proposals as the increases reflected the growing workload of DC members and the rising public expectation about their work. Mr CHEUNG Hok-ming considered that it was necessary to provide adequate resources to DC members to enable them to reach out and provide services to their constituents.

20. Mrs Regina IP commented that the proposed increases in the DC members' remuneration package did not commensurate with the increasing role of DC members in the management of district facilities and their influence in shaping policies of district-specific development. Mrs IP considered that DC members' honorarium should be comparable to that of a Senior Executive Officer in the civil service. In this connection, Mrs IP asked the Administration to provide information about the monthly salary of an Executive Officer II (EOII) and a Liaison Officer II (LOII).

21. DHA responded that DC members, who pledged to serve the community, were not simply motivated by pecuniary returns. The Administration considered that the current level of financial support to DC members adequate and should be sufficient to attract interested members of the

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community to become DC members. She explained that as DC members were not Government employees, it was not appropriate to link their honorarium or OER to a particular rank or grade in the civil service. As a reference, DHA said that the starting salary of an EOII was around \$20,000 per month, higher than that of a LOII.

*(Post-meeting note: The Administration had provided supplementary information about the starting salary of LOII. The supplementary information was circulated to members via FC21/10-11 dated 8 December 2010.)*

22. Ms Starry LEE commented that the level of OER was still too low for DC members to retain quality staff. She explained that after netting off accommodation and other expenses, a DC member would only have around \$15,000 to employ assistants.

23. DHA responded that DC members' staff and assistants were not employees of the Government, and a direct comparison with the terms and conditions in the civil service was not appropriate. She advised that while the funding proposals might not meet all of DC members' expectations, the proposed increases represented a significant and tangible improvement over the existing package, with additional types of allowances introduced and enhanced flexibility built in to support DC members' work.

24. Ms Starry LEE suggested that further flexibility should be allowed for DC members to use OER to pay for their assistants' gratuities and retraining expenses. Ms LEE also asked whether staff of DC members could share the proposed Medical Allowance (MA).

25. DHA responded that the proposed MA did not apply to staff of DC members. The medical, training expenses and other benefits for staff would have to be met from within DC members' OER.

26. Mr Paul TSE commented that the Administration should not rely on the community service concept to attract people of the right calibre, instead of only those who criticized the Government, to run for DC offices. He considered it necessary to provide reasonable financial support for DC members to attract good quality people to participate in DC matters. Mr LEUNG Kwok-hung was of the view that it was the duty of Legco Members and DC members to monitor the work of the Government, and it was normal for them to criticize the Government and its policies.

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27. Mrs Sophie LEUNG said that DC members had reflected to LegCo Members during their regular exchange sessions that the current level of funding support to DC members was insufficient. She commented that as FC was requested to consider only the funding proposals, issues related to district administration should more appropriately be discussed by the Panel on Constitutional Affairs.

28. Mr CHEUNG Hok-ming considered that the proposed increases in the remuneration package for DC members were reasonable, which reflected the expansion of scope of work of DCs. He asked whether the Administration had analyzed how DC members were using OER before proposing the current increases.

29. DHA advised that the Administration had examined the situation on the use of reimbursable expenses and found that most DC members were claiming reimbursement close to the current maximum limit. The Administration therefore considered that there was a case of raising the ceiling of reimbursable expenses. In determining the actual level of adjustment, the Administration had consulted the views of the Independent Commission, which had visited DC members' offices and held focus group meetings with DC members.

30. Mr CHEUNG Hok-ming queried how the Administration had determined that OER rate should be increased by 15%. DHA explained that the Administration had taken into account the movement of Consumer Price Index A, past patterns of OER utilization, and the expected needs of DC members.

31. The Chairman asked if the Administration would track DC members' claims of OER and put in place a system to account and record their claims as in the LegCo Secretariat. She explained that the records would provide useful documentary proof to facilitate DC members' claim of tax deduction, and would allow the Administration to analyse DC members' expenditure patterns so that their future resource support needs could be better identified and assessed.

32. DHA responded that the Commissioner of Inland Revenue would provide tax deduction to DC members for expenditure in excess of OER and other reimbursable limits. The Administration was ready to consider retaining claim records in excess of the limit if practicable and so requested by DC members. The Chairman urged the Administration to implement such a record management system.

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33. Mr Frederick FUNG Kin-kee supported the funding proposals. He suggested that a two-tier remuneration package should be considered for appointed and elected DC members, as the latter had to incur more expenses in running for the DC office and in providing service to their constituents.

34. Mr WONG Yuk-man said that members belonging to the League of Social Democrats would abstain from voting on the funding proposals. He commented that the current political system in Hong Kong did not encourage public participation; for example, no funding support was provided for policy research by political parties. He criticized that unless fundamental change to the political system was introduced, increasing the remuneration package for DC members would have limited benefits. Mr Albert CHAN and Mr LEUNG Kwok-hung also criticized the absence of the Secretary for Home Affairs and other political-appointed officials at this meeting, which reflected the Administration's apathy of DC's development.

35. The Chairman put the item to vote. The Committee approved the funding proposals.

36. The meeting was adjourned at 4:36 pm.

Legislative Council Secretariat

9 May 2011