

立法會
Legislative Council

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Finance Committee of the Legislative Council

Minutes of the 41st meeting
held at the Conference Room 1 of the Legislative Council Complex
on Friday, 13 July 2012, at 4:45 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
Dr Hon David LI Kwok-po, GBM, GBS, 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
Hon WONG Yung-kan, SBS, JP
Hon Miriam LAU Kin-ye, GBS, JP
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, SBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon Audrey EU Yuet-mee, SC, JP
Hon WONG Kwok-hing, MH
Hon LEE Wing-tat
Dr Hon Joseph LEE Kok-long, SBS, JP
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon Andrew LEUNG Kwan-yuen, GBS, JP

Hon CHEUNG Hok-ming, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Hon KAM Nai-wai, MH
Hon Cyd HO Sau-lan
Hon Starry LEE Wai-king, JP
Dr Hon LAM Tai-fai, SBS, JP
Hon CHAN Hak-kan, JP
Hon Paul CHAN Mo-po, MH, JP
Hon CHAN Kin-por, BBS, JP
Dr Hon Priscilla LEUNG Mei-fun, JP
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-yee, GBS, JP
Dr Hon PAN Pey-chyou
Hon Paul TSE Wai-chun, JP
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:

Hon Fred LI Wah-ming, SBS, JP
Dr Hon Philip WONG Yu-hong, GBS
Hon LAU Kong-wah, JP
Hon LAU Wong-fat, GBM, GBS, JP
Hon Andrew CHENG Kar-foo
Hon Timothy FOK Tsun-ting, GBS, JP
Hon LI Fung-ying, SBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon Vincent FANG Kang, SBS, JP
Hon Ronny TONG Ka-wah, SC
Hon CHIM Pui-chung
Dr Hon LEUNG Ka-lau

Public officers attending:

Professor K C CHAN, GBS, JP	Secretary for Financial Services and the Treasury
Ms Esther LEUNG, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Ms Elsie YUEN	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Ms Anissa WONG Sean-ye, JP	Permanent Secretary for the Environment/Director of Environmental Protection
Mr Andrew LAI Chi-wah, JP	Deputy Director of Environmental Protection (3)
Mr Henry CHIN Chi-pang	Senior Environmental Protection Officer (Mobile Source) 4, Environmental Protection Department
Mr HUI Kuen	Principal Transport Officer (Bus and Railway) 2, Transport Department
Mr Paul TANG, JP	Secretary for the Civil Service
Mr Raymond WONG Hung-chiu, JP	Permanent Secretary for the Civil Service
Mr Brian LO, JP	Deputy Secretary for the Civil Service (2)
Ms Michelle LI, JP	Deputy Secretary for Education (1)
Ms Pecvin YONG	Principal Assistant Secretary for Education (Further Education)
Dr Carrie WILLIS, SBS, JP	Executive Director, Vocational Training Council
Mr Gary AU Kam-hung	Senior Assistant Executive Director (Corporate Governance), Vocational Training Council
Prof Simpson POON Ping-hong	Vice President, Technological and Higher Education Institute of Hong Kong
Prof Reggie KWAN	President, Caritas Institute of Higher Education
Mr Manhoe CHAN	Vice President (Resources and Finance), Caritas Institute of Higher Education
Dr LI Pak-wan	Institute Secretary, Caritas Institute of Higher Education

Clerk in attendance:

Mr Andy LAU

Assistant Secretary General 1

Staff in attendance:

Ms Anita SIT

Chief Council Secretary (1)5

Mr Derek LO

Chief Council Secretary (1)6

Mr Daniel SIN

Senior Council Secretary (1)7

Mr Frankie WOO

Senior Legislative Assistant (1)3

Ms Christy YAU

Legislative Assistant (1)8

Item No. 5 - FCR(2012-13)48

HEAD 44 – ENVIRONMENTAL PROTECTION DEPARTMENT

Subhead 700 General non-recurrent

New Item "Trial of Electric Buses by Franchised Bus Companies"

At 4:45 pm, the Chairman declared that the Finance Committee (FC) started the second meeting of the day and continued the deliberation on the agenda item.

2. The Chairman drew members' attention that she had received the wording of a motion proposed to be moved by Mr KAM Nai-wai to express a view on the agenda item. The wording of the motion was displayed by projector on the wall-screens in the conference room. She said that the Committee would deal with the motion after members had completed asking questions on the item.

Selection of bus types and suppliers for trial

3. Mr Cyd HO opined that given the trial nature of the scheme, the Government and the franchised bus companies should aim at procuring all types of electric buses available in the market for test in Hong Kong. Ms HO said that based on the results of a simple search on the Internet, there were about 20 bus suppliers in the world which supplied electric buses. She enquired whether the Government would consider ways to procure and test all types of electric buses in Hong Kong. Mr CHEUNG Kwok-che shared the view of Ms HO. He enquired whether the Government and the franchised bus companies could conduct a joint tender exercise to procure all different types of electric buses for trial in Hong Kong.

4. PS(Env)/DEP responded that the main purpose of the trial scheme was to test the feasibility of using electric buses in the unique environment of Hong Kong, e.g. the road and climate conditions of Hong Kong, and the charging and maintenance requirements of the electric buses, etc. Through open tenders, the electric buses would be procured in an open, fair and competitive manner. In addition, the open tender approach would ensure that the electric buses procured would meet the specifications set by the franchised bus companies and public money was used in the most cost-effective and value-for-money manner. Both supercapacitor buses and battery-electric buses would be tested under the trial scheme, and each franchised bus company had to procure the electric buses from at least two bus suppliers. PS(Env)/DEP stressed that under the proposed procurement arrangements, bus suppliers all over the world could participate in the tender exercises, and the franchised bus companies might procure buses from two or more bus suppliers.

5. Mr TAM Yiu-chung said that while he did not object to testing more types of electric buses, only electric buses which were considered to be able to operate under the unique climate and traffic conditions of Hong Kong should be procured for trial, instead of testing all types of electric buses available on the market. The franchised bus companies might have practical difficulty in identifying sufficient bus suppliers suitable for the trial scheme if the requirement on the number of bus suppliers was too restrictive. Mr TAM said that while he doubted whether electric buses could be used in all bus routes, the use of electric buses would help improve Hong Kong's environment, in particular on improvement in air quality.

6. PS(Env)/DEP remarked that all electric buses procured for trial should meet the tender specifications, including the statutory safety standards required. The open tender exercises would be conducted in an open, fair and competitive manner. Usually in an open tender exercise, the lowest tender offer among those that meet the relevant specifications would be accepted in order to ensure cost-effectiveness. For the proposed trial scheme, the Administration had proposed to add an additional condition whereby the franchised bus companies should procure electric buses from at least two bus suppliers so that more types of electric buses could be tested.

7. Mr CHEUNG Kwok-che enquired how the estimate of \$180 million for the trial scheme had been worked out, and pointed out that based on the estimate, the average price for each electric bus amounted to about \$5 million. Mr CHEUNG further enquired about the difference in the

prices of electric buses provided by bus suppliers in Asian and other countries.

8. The Deputy Director of Environmental Protection (3) (DDEP(3)) remarked that the Chief Executive announced the introduction of the trial scheme for electric buses in his Policy Address in October 2011, and the estimated expenditure for the scheme was \$180 million for procurement of 36 electric buses for trial. He did not have on hand information about the prices for various types of electric buses provided by individual Asian suppliers and other overseas suppliers. The estimate of \$180 million had been worked out based on market information collected from electric bus suppliers at the time. DDEP(3) pointed out that the original plan was to procure 36 battery-electric buses for trial, but after discussion with the franchised bus companies, 28 battery-electric buses and eight supercapacitor buses would be tested under the trial scheme. PS(Env)/DEP supplemented that the estimate of \$180 million for the trial scheme was the budget ceiling for purchase of 36 electric buses based on market information, and the actual tender prices might vary from the estimate.

9. Mr CHAN Hak-kan remarked that the major concern of members of the Panel on Environmental Affairs was that the franchised bus companies should be compelled to use electric buses if the trial scheme proved that the use of electric buses in Hong Kong was feasible. Mr CHAN said that while he appreciated that the franchised bus companies should be requested to test more types of electric buses supplied by different bus suppliers, he was concerned whether the franchised bus companies could identify sufficient number of bus suppliers, say not less than four as suggested by some members which could supply electric buses suitable for trial in Hong Kong. Given that the five franchised bus companies would conduct their own open tender exercises separately, Mr CHAN opined that under the open tender arrangement, the five franchised bus companies would select the bus suppliers based on the pre-set criteria, and the bus companies could not deliberately select the same bus supplier(s) for provision of the electric buses for trial.

10. PS(Env)/DEP remarked that the franchised bus companies would be required to continue to deploy the electric buses procured under the trial scheme for providing franchised bus service until the end of the economical service life of the vehicles concerned. Based on the franchise agreement with the bus companies, which were required to procure the most environmentally friendly buses, the companies should consider using electric buses if the trial scheme proved that the electric buses were suitable for use in Hong Kong,

taking into account factors such as the affordability of the companies and passengers, and the cost-effectiveness of using the electric buses.

11. Noting that the franchised bus companies would be required to continue to deploy the electric buses procured under the trial scheme for providing franchised bus service until the end of the economical service life of the vehicles concerned, Mr IP Kwok-him enquired whether the Government would monitor the franchised bus companies in complying with the requirement.

12. PS(Env)/DEP remarked that a task force, comprising representatives of the franchised bus companies and the relevant Government departments, including the Transport department (TD) and EPD would be set up to monitor the trial of the electric buses. The franchised bus companies would need to report to the relevant Government department(s) when they would cease to use the electric buses which were considered having reached the end of their economical life.

13. Ms Miriam LAU was concerned how, given the unique climate, road and traffic conditions of Hong Kong, the electric buses would be tested in Hong Kong, e.g. whether the buses would be tested on very steep roads, the highways and the extremely congested roads when the vehicles had to stop and move time and again in a traffic jam. Ms LAU enquired whether the tender specifications would specify the terrains and traffic conditions in Hong Kong under which the electric buses would operate. Ms LAU pointed out that in a recent incident, an electric vehicle manufactured by a Mainland bus supplier exploded due to short-circuit of the electricity supply system.

14. PS(Env)/DEP remarked that the tender specifications would include the safety requirements for the electric buses based on international safety standards, and the franchised bus companies would arrange to test the electric buses on different terrains and in different traffic conditions. DDEP(3) supplemented that the tender specifications would include the operational traffic conditions under which the electric buses would be used. All electric buses would need to undergo a safety examination conducted by the Transport Department before they would be given a licence to operate in Hong Kong.

15. Mr Albert CHAN said that while he would not object to the proposed trial scheme, the Government should consider co-operating with the successful suppliers on a long-term basis for further development of the technology and related facilities for using electric buses.

16. PS(Env)/DEP said that the Government would take into consideration Mr Albert CHAN's view and explore the feasibility of co-operation with the suppliers regarding the development of electric buses on a long-term basis.

17. Ms Audrey EU opined that given that emissions from buses were a major source of pollutants, the trial scheme should be expedited. Ms EU enquired whether double-decker electric buses were available to meet the demand of the Hong Kong situation. Ms EU further enquired about the types of electric buses to be used in the trial scheme, as her experience was that the supercapacitor buses were a bit noisy and less comfortable. Ms EU also enquired about the progress of the trial of hybrid buses.

18. PS(Env)/DEP remarked that the electric buses now available on the market were all single-deckers. The Government hoped that through the trial scheme and further co-operation with the suppliers, the suppliers would consider developing double-decker buses to meet the need of Hong Kong. PS(Env)/DEP added that it would take time for the franchised bus companies to conduct the tender exercises, and, after award of the procurement contracts, for the bus suppliers to manufacture, test and provide the electric buses. The Government and the franchised bus companies would liaise closely with the suppliers with a view to launching the trial of electric buses in Hong Kong as soon as possible. PS(Env)/DEP said that of the 36 electric buses to be procured, eight would be supercapacitor buses and 28 would be battery-electric buses. DDEP(3) supplemented that the Government and the franchised bus companies would carry out the trial scheme of hybrid buses in parallel with the trial of electric buses. Since hybrid buses were usually double-deckers whereas currently only single-decker electric buses were available, hybrid buses might better suit the Hong Kong situation in the short term although both options would be considered for use in Hong Kong.

Motion moved by Mr KAM Nai-wai

19. Mr KAM Nai-wai read out the wording of the motion he proposed to be moved under paragraph 37A of the FC Procedure, as follows:

"本委員會要求五間專營巴士公司須在可行情況下，向最少四家不同的巴士供應商購買電動巴士進行試驗計劃."

Translation

"That this Committee demands that the five franchised bus companies should procure electric buses from at least four

different bus suppliers whenever practicable for the proposed trial."

Mr KAM said that he had proposed in the motion that the franchised bus companies should procure the electric buses for trial from at least four bus suppliers, instead of two bus suppliers, as the Government had advised that there were at least seven suppliers supplying electric buses. Mr KAM said that he had given flexibility for the Government in implementing the motion in that the proposed arrangement should be made "whenever practicable".

20. The Chairman said that she considered the motion directly related to the item under discussion. At the Chairman's request, members indicated whether they agreed to proceed with the motion by a show of hands. The Chairman declared that a majority of the members present indicated that they agreed to proceed with the motion, and as such, members might express views on the motion.

21. Mr TAM Yiu-chung remarked that even if the motion was passed, the Government and franchised bus companies might not need to abide by the procurement arrangement mentioned in the motion if they considered the arrangement impracticable. Mrs Regina IP expressed concurrence with Mr TAM's observation, and said that it might not be practicable for the franchised bus companies to procure electric buses from at least four suppliers as there might not be sufficient suppliers which could provide electric buses suitable for use in Hong Kong. Mrs IP said that she would abstain from voting on the motion.

22. Mr IP Kwok-him remarked that while he did not object to the proposal to procure more different types of electric buses for trial, he appreciated that the franchised bus companies might have difficulty in securing suitable electric buses for trial from at least four bus suppliers, and he doubted whether the Government should play the role of a co-ordinator for the franchised bus companies in the tender exercises.

23. PS(Env)/DEP remarked that if the franchised bus companies were compelled to procure electric buses from at least four bus suppliers, the bus companies might be forced to procure electric buses at high prices, which might not be cost-effective for the purpose of the trial scheme and the use of public funds. PS(Env)/DEP said that the proposal for each franchised bus company to procure electric buses from at least two suppliers should be able to facilitate the trial of several types of electric buses.

24. Ms Audrey EU remarked that Members belonging to the Civic Party supported Mr KAM's motion as it would impart a right message to the Government and the franchised bus companies that the tender exercise(s) should be conducted in the direction as suggested in the motion. The Government should report to FC regarding the measures taken in response to the motion.

25. Mr LEUNG Kwok-hung remarked that as the Government provided the funding for the trial scheme, it should be in a position to impose conditions on the procurement arrangements of the franchised bus companies.

26. Mr CHEUNG Kwok-che remarked that if the franchised bus companies did not procure the electric buses from at least four bus suppliers, the Government and the franchised bus companies should give an explanation to FC on the reasons for not following the procurement arrangement stated in the motion.

27. Ms Cyd HO remarked that she supported Mr KAM's motion. She opined that the franchised bus companies should procure the electric buses from more than four suppliers whenever practicable so that more types of electric buses could be tested in Hong Kong.

28. Mr Andrew LEUNG remarked that the franchised bus companies should be in the best position to know and select the appropriate types of electric buses for trial, based on the Government's policy objective of replacing the existing buses with the more environmental friendly buses. Mr LEUNG said that Members belonging to the Economic Synergy would object to the motion.

29. DDEP(3) remarked that the five franchised bus companies would conduct their open tender exercises separately for procurement of electric buses for trial. The Government and the franchised bus companies did not have a pre-set list of suppliers/electric buses. The arrangement for procuring the electric buses from at least two bus suppliers already provided flexibility for the franchised bus companies to test more types of electric buses, since based on the usual tender practice, only the lowest tender offer would be selected. DDEP(3) pointed out that two franchised bus companies might have difficulty in complying with the provisions in the motion, as each of the companies would only procure four electric buses for trial.

30. The Chairman put Mr KAM's motion to vote. The Committee passed the motion.

(Post-meeting note: The Administration has been requested to provide a progress report on the motion in due course.)

Provision of "disabled-friendly" features on buses

31. Mr LEUNG Yiu-chung opined that the electric buses should include "disabled-friendly" features for passengers with disabilities, e.g. wheelchair low floor design and audible devices. Mr LEUNG was concerned that currently each bus could accommodate only one wheelchair causing inconvenience to disabled persons. Mr LEUNG was also concerned that buses were not equipped with audible devices to alert the visually impaired people regarding the location of each bus stop. Mr LEUNG requested that improvement should be made to the design of buses, including electric buses, to facilitate disabled persons. Given that the Government was providing the funding for procurement of the 36 electric buses for trial, Mr LEUNG asked whether the tender specifications for the 36 electric buses could include the "disabled-friendly" features. Ms Audrey EU and Mr CHEUNG Kwok-che shared Mr LEUNG's views. Mr CHEUNG enquired about the ownership of the electric buses procured under the trial scheme.

32. The Principal Transport Officer (Bus and Railway)2, TD (PTO(B&R)) responded that the franchised bus companies were required to provide in all new buses low floor design to facilitate disabled persons using the buses. The Government was actively pursuing with the bus companies regarding the provision of "disabled friendly" features on buses including designated spaces for wheelchair users and audible devices for announcement of bus stops to facilitate passengers who were visually impaired. PS(Env)/DEP supplemented that the purpose of the trial scheme was to test the feasibility of using electric buses in Hong Kong, and the franchised bus companies which owned the buses would be responsible for the operation and maintenance of the buses. As a general issue, the Government was actively discussing with the franchised bus companies with a view to improving the "disabled-friendly" features on buses. As regards the proposal to include in the tender specifications the requirement of "disabled-friendly" features for the 36 electric buses to be procured under the trial scheme, the Government would discuss with the franchised bus companies on the issue, and provide, in due course, a reply to the Panel on Transport on the issue.

(Post-meeting note: The Administration's reply was issued to members on 20 August 2012 vide LC Paper No. FC179/11-12.)

Motion proposed by Mr LEUNG Yiu-chung

33. Mr LEUNG Yiu-chung proposed to move the following motion, which was seconded by Ms Cyd HO:

"本委員會要求特區政府在資助巴士公司購買36輛電動巴士和相關充電設施，在本港試驗行駛時，需要相關專營巴士公司承諾該等車輛將設有為殘疾人士提供的必須設施，其中包括低地台及協助失明人士上、落車的發聲系統。"

Translation

"That this Committee demands that, in subsidising the bus companies to procure 36 electric buses and related charging facilities for trial in Hong Kong, the Government should require the franchised bus companies to undertake that the buses would be equipped with the necessary "disabled-friendly" features, including low floor design and audible devices."

34. The Chairman put the question on whether Mr LEUNG Yiu-chung's motion should be proceeded with to the vote. As it was difficult to judge whether a majority of members agreed to proceed with the motion based on members' show of hands, the Chairman suggested and members agreed to proceed to a division. Out of the 38 Members present, 18 Members voted for and 19 Members voted against the Committee proceeding with Mr LEUNG's motion. The voting results of individual Members were as follows:

For:

Mr Albert HO Chun-yan	Mr LEE Cheuk-yan
Dr Margaret NG	Mr James TO Kun-sun
Mr CHEUNG Man-kwong	Mr LEUNG Yiu-chung
Mr Frederick FUNG Kin-kee	Ms Audrey EU Yuet-mee
Mr LEE Wing-tat	Dr Joseph LEE Kok-long
Mr KAM Nai-wai	Ms Cyd HO Sau-lan
Mr CHEUNG Kwok-che	Mr WONG Sing-chi
Mr Alan LEONG Kah-kit	Mr LEUNG Kwok-hung
Miss Tanya CHAN	Mr Albert CHAN Wai-yip
(18 members)	

Against:

Ir Dr Raymond HO Chung-tai	Mr CHAN Kam-lam
Mrs Sophie LEUNG LAU Yau-fun	Mr WONG Yung-kan

Mr TAM Yiu-chung	Mr WONG Kwok-hing
Mr Jeffrey LAM Kin-fung	Mr Andrew LEUNG Kwan-yuen
Mr CHEUNG Hok-ming	Mr WONG Ting-kwong
Prof Patrick LAU Sau-shing	Ms Starry LEE Wai-king
Mr CHAN Hak-kan	Mr CHAN Kin-por
Mr WONG Kwok-kin	Mr IP Wai-ming
Mr IP Kwok-him	Mrs Regina IP LAU Suk-ye
Dr PAN Pey-chyou	
(19 members)	

Based on the voting result, the Chairman declared that the Committee would not proceed with Mr LEUNG Yiu-chung's motion.

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

Item No. 6 - FCR(2012-13)49
2012-13 CIVIL SERVICE PAY ADJUSTMENT

36. The Chairman said that the paper sought approval for:
- (a) with effect from 1 April 2012, an increase in pay –
 - (i) by 5.26% for civil servants in the directorate and upper salary band; and
 - (ii) by 5.80% for civil servants in the middle and lower salary bands;
 - (b) the same pay adjustment to Independent Commission Against Corruption staff;
 - (c) the same pay adjustment to teaching and non-teaching staff of aided schools who were remunerated according to the civil service pay scales, and to those subvented sector staff who were remunerated according to the civil service pay scales;
 - (d) corresponding adjustment to the provisions for subvented bodies whose funding was price-adjusted on the basis of formulae including a factor of civil service pay adjustment; and

- (e) noting the financial implications of about \$8,608 million arising from items (a) to (d) above.

37. Mrs Regina IP, Chairman of the Panel on Public Service (PS Panel), reported that the PS Panel had discussed the funding proposal at its meeting on 18 June 2012. Members noted that the staff side generally accepted the proposed rates of salary increase. Some members expressed concern whether the non-civil service contract (NCSC) staff and staff of subvented organizations would receive the same rates of salary increase. The Secretary for the Civil Service (SCS) advised that in considering the rates of salary increase for NCSC staff, the relevant heads of Government bureaux and departments would consider factors such as the labour market situation, the rates of salary increase for civil servants, and the findings of the pay trend surveys of private organizations, etc. While the Government would remind the management of subvented organizations that the additional subvention funding was for the purpose of salary increase for their staff, the Government would not interfere with the management of the organizations regarding personnel matters, including salary increase for their staff.

38. Mr CHEUNG Kwok-che expressed concern that since the Lump Sum Grant arrangement was introduced in 2000, some subvented organizations had not granted the same rates of salary increase to their staff as those for civil servants, despite that these organizations had received additional funding from the Government for the purpose of salary increase. Some organizations also revised the salary of the staff in October/November instead of April in the same year applicable to civil servants. Mr CHEUNG opined that these practices were unfair to the staff of the subvented organizations concerned. Mr CHEUNG enquired what measures would be taken by the Government to tackle the issue, and whether the Government would impose sanctions on the subvented organizations if they did not grant the same rates of salary increase to their staff as those for civil servants, e.g. by recovering from the subvented organizations concerned the additional funds granted to them for staff salary increase.

39. Mr LEE Cheuk-yan, Mr WONG Sing-chi and Mr LEUNG Kwok-hung shared Mr CHEUNG Kwok-che's concern. Mr LEE said that as the Government provided the funding for salary increase of the subvented organizations, the Government should have the authority to impose sanctions on those organizations if they did not offer the same rates of salary increase to their staff as those for the civil servants.

40. SCS remarked that upon the approval of a pay rise for the civil service, the Controlling Officers of the Government bureaux and departments concerned would issue letters to subvented organizations under their purview to remind them that the additional subventions from the Government were meant to allow room for pay adjustment for their staff. The Government, as a general rule, was not involved in the determination of pay or pay adjustment of staff employed by subvented organizations, which had different management and staff structure, personnel policies, salary structure and pay adjustment systems. SCS said that the subvented organizations, many of which were non-profit making organizations, were autonomous bodies in the management of their organizations and had the flexibility in determining the salaries for their staff. In order to meet their service targets, the organizations would need to ensure that their staff were suitably remunerated. SCS further said that the Labour and Welfare Bureau and the Social Welfare Department were preparing a set of guidelines on best practices for subvented organizations, which would cover the salary adjustment arrangements for subvented organizations.

41. Mr LEE Cheuk-yan expressed concern that the impending Pay Level Survey might result in salary reduction for the junior rank officers in the civil service, e.g. the Model Scale I staff. Mr LEE asked whether, irrespective of the outcome of the Pay Level Survey, the Government would undertake not to reduce the salaries of the junior rank officers in the civil service.

42. SCS remarked that in line with the established practice, a Pay Level Survey would be conducted every six years. As the Pay Level Survey had yet to start, it would be premature to predict the outcome of the survey. That said, the Government would, in addition to the survey results, take into account a number of factors, such as the prevailing labour market situation, staff morale, etc. in determining whether any pay adjustment to civil service pay scales would be required.

43. Ms Starry LEE said that there were rumours that teachers and non-teaching staff of aided schools might not receive their salaries for July as a result of the delay in the discussion of the current paper due to filibustering in recent Finance Committee meetings. Some teachers were also concerned whether their salary adjustments would take retrospective effect from 1 April 2012. There were also rumours that some teachers in aided schools did not receive their salary payment notifications.

44. SCS remarked that subject to the Finance Committee's approval of the proposed salary adjustment at the meeting, the payment of the adjusted

salaries to civil servants, and teachers and non-teaching staff in aided schools who were remunerated according to the civil service pay scales, would be made by end of July 2012. The Permanent Secretary for the Civil Service (PSCS) added that similar to the arrangement for civil servants, the salary adjustment for teachers and non-teaching staff of aided schools would also take retrospective effect from 1 April 2012.

45. Mr CHEUNG Man-kwong was concerned that some schools also received funding from the Government to employ staff for particular functions and/or projects, e.g. clerical staff and artisans. Mr CHEUNG enquired whether these staff would also receive the pay adjustment as that for civil servants.

46. PSCS stated that teaching and non-teaching staff of aided schools who were remunerated according to the civil service pay scales would be entitled to the same pay adjustments as the civil service. SCS added that the Government would provide information as to whether there was a mechanism to adjust the salaries of those non-teaching staff employed in schools (such as artisans, clerical staff, etc.) using different types of Government funding.

(Post-meeting note: The Administration's reply was issued to members on 20 August 2012 vide LC Paper No. FC179/11-12.)

47. Mr WONG Sing-chi enquired whether there was a salary adjustment mechanism for staff of contractors providing services for the Government.

48. SCS remarked that the current salary adjustment proposal did not cover staff of contractors providing services for the Government. The relevant Government bureaux/departments and the contractors should have taken into account the expenditure on staff salaries, including factors such as inflation, in the terms of the service agreements.

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

Item No. 7 - FCR(2012-13)51

LOAN FUND

HEAD 252 – LOANS TO SCHOOLS/TEACHERS

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

50. The Chairman said that the paper sought approval for the following loans totalling \$970 million, under the Start-up Loan Scheme for post secondary education providers, from the Loan Fund:

- (a) \$300 million to Caritas-Hong Kong for the operation of Caritas Institute of Higher Education; and
- (b) \$670 million to the Vocational Training Council (VTC) for the operation of Technological and Higher Education Institute of Hong Kong (THEi).

The Chairman said that the Panel on Education had discussed the proposal at its meeting on 11 June 2012.

51. Mr Andrew LEUNG declared interest as the former Chairman of the VTC, and a member of the Board of Governors of THEi.

52. Ms Cyd HO said that she supported the funding proposal as it would help provide more places in post-secondary education for students. Ms HO opined that the Government should provide more publicly subsidized places in post-secondary institutions so that students did not have to shoulder the heavy burden of repaying the tuition fees for their studies in the institutions. Mr IP Kwok-him shared Ms HO's concern and said that the Government should conduct a study regarding the feasibility of providing more subsidized places in post-secondary institutions.

53. Mrs Regina IP opined that the name of THEi was misleading as few courses offered by the Institute were related to advanced technology. Mrs IP opined that VTC should not neglect the importance of advanced technology in designing its courses.

54. The Executive Director, VTC (ED, VTC) remarked that the name of THEi aimed to reflect the "higher" and "technologist" level education provided by the institute as empowered under the provisions in the Vocational Training Council Ordinance (Cap. 1130). THEi would include relevant elements of advanced technology in its courses.

55. Mr IP Kwok-him remarked that Members belonging to the Democratic Alliance for the Betterment and Progress of Hong Kong supported the funding proposal and the policy to provide diversified types of post-secondary programmes for students.

56. Mr CHEUNG Man-kwong was concerned that in some areas of studies at the associate degree and higher diploma levels, there were too many graduates from the related courses than the actual job opportunities available in society. Mr CHEUNG opined that in providing the funding for the relevant education institutions and courses, the Government should give priority consideration to the manpower requirements in the relevant fields.

57. The Deputy Secretary for Education (1) (DS(Ed)1) remarked that that in applying for allocation of land or loans from the Government, the relevant post-secondary institutions had to provide details of the proposed courses. An independent Vetting Committee would consider whether the proposed courses would meet the specific needs of the relevant trades and industries and support the macro economic development of Hong Kong. Members' views regarding the assessment criteria would be relayed to the Vetting Committee for consideration. The Education Bureau had regularly provided information on the manpower requirements in different trades and industries to the post-secondary sector so that they could devise their programmes according to the needs of society.

58. Mr LEUNG Kwok-hung opined that the education policies had not been well designed mainly because the persons appointed to head the relevant Government bureau were unsuitable for the jobs. Mr LEUNG expressed grave concern that the Vetting Committee for Start-up Loan for Post Secondary Education Providers did not include any representatives from the professional teaching personnel, the relevant trades and industries, and potential students of the courses. Mr LEUNG opined that the existing members of the Vetting Committee might not possess the knowledge of the manpower needs of the various trades and industries.

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

Item No. 8 - FCR(2012-13)43

**RECOMMENDATIONS OF THE ESTABLISHMENT
SUBCOMMITTEE ON 11 JUNE 2012**

Item No. 9 - FCR(2012-13)44

**NEW HEAD "GOVERNMENT SECRETARIAT :
CULTURE BUREAU"**

NEW HEAD "GOVERNMENT SECRETARIAT :

- COMMERCE AND INDUSTRIES BUREAU
(MARITIME, AVIATION, LOGISTICS AND
TOURISM BRANCH)"**
- HEAD 152 – GOVERNMENT SECRETARIAT :
COMMERCE AND ECONOMIC DEVELOPMENT
BUREAU (COMMERCE, INDUSTRY AND
TOURISM BRANCH)**
- HEAD 55 – GOVERNMENT SECRETARIAT :
COMMERCE AND ECONOMIC DEVELOPMENT
BUREAU (COMMUNICATIONS AND
TECHNOLOGY BRANCH)**
- HEAD 138 – GOVERNMENT SECRETARIAT :
DEVELOPMENT BUREAU (PLANNING AND
LANDS BRANCH)**
- HEAD 159 – GOVERNMENT SECRETARIAT :
DEVELOPMENT BUREAU (WORKS BRANCH)**
- HEAD 53 – GOVERNMENT SECRETARIAT :
HOME AFFAIRS BUREAU**
- HEAD 142 – GOVERNMENT SECRETARIAT :
OFFICES OF THE CHIEF SECRETARY FOR
ADMINISTRATION AND THE FINANCIAL
SECRETARY**
- HEAD 96 – GOVERNMENT SECRETARIAT :
OVERSEAS ECONOMIC AND TRADE OFFICES**
- HEAD 158 – GOVERNMENT SECRETARIAT :
TRANSPORT AND HOUSING BUREAU
(TRANSPORT BRANCH)**
- HEAD 62 – HOUSING DEPARTMENT**
- HEAD 74 – INFORMATION SERVICES DEPARTMENT**

Item No. 10 - FCR(2012-13)50

- NEW HEAD "GOVERNMENT SECRETARIAT :
CULTURE BUREAU"**
- HEAD 21 – CHIEF EXECUTIVE'S OFFICE**
- HEAD 143 – GOVERNMENT SECRETARIAT :
CIVIL SERVICE BUREAU**
- HEAD 152 – GOVERNMENT SECRETARIAT :
COMMERCE AND ECONOMIC DEVELOPMENT
BUREAU (COMMERCE, INDUSTRY AND
TOURISM BRANCH)**
- HEAD 55 – GOVERNMENT SECRETARIAT :**

- COMMERCE AND ECONOMIC DEVELOPMENT
BUREAU (COMMUNICATIONS AND
TECHNOLOGY BRANCH)**
- HEAD 144 – GOVERNMENT SECRETARIAT :
CONSTITUTIONAL AND MAINLAND AFFAIRS
BUREAU**
- HEAD 92 – DEPARTMENT OF JUSTICE**
- HEAD 138 – GOVERNMENT SECRETARIAT :
DEVELOPMENT BUREAU (PLANNING AND
LANDS BRANCH)**
- HEAD 156 – GOVERNMENT SECRETARIAT :
EDUCATION BUREAU**
- HEAD 137 – GOVERNMENT SECRETARIAT :
ENVIRONMENT BUREAU**
- HEAD 147 – GOVERNMENT SECRETARIAT :
FINANCIAL SERVICES AND THE TREASURY
BUREAU (THE TREASURY BRANCH)**
- HEAD 139 – GOVERNMENT SECRETARIAT :
FOOD AND HEALTH BUREAU
(FOOD BRANCH)**
- HEAD 53 – GOVERNMENT SECRETARIAT :
HOME AFFAIRS BUREAU**
- HEAD 141 – GOVERNMENT SECRETARIAT :
LABOUR AND WELFARE BUREAU**
- HEAD 142 – GOVERNMENT SECRETARIAT :
OFFICES OF THE CHIEF SECRETARY FOR
ADMINISTRATION AND THE FINANCIAL
SECRETARY**
- HEAD 151 – GOVERNMENT SECRETARIAT :
SECURITY BUREAU**
- HEAD 158 – GOVERNMENT SECRETARIAT :
TRANSPORT AND HOUSING BUREAU
(TRANSPORT BRANCH)**
- Subhead 000 Operational Expenses**

60. At around 6:58 pm, the Chairman remarked that as the meeting was the last scheduled one in the current term which would end at 7:00 pm, there would not be sufficient time to deal with the three outstanding items, namely FCR(2012-13)43, FCR(2012-13)44 and FCR(2012-13)50. The Chairman pointed out that members had proposed a total of 982 motions to express views on the funding proposals under FCR(2012-13)43 and FCR(2012-13)44 for restructuring the Government Secretariat, and so far 237 motions had been dealt with. Also the Committee had not yet discussed

the item FCR(2012-13)50 concerning the proposed annual adjustment mechanism for the cash remuneration for Principal Officers appointed under the Accountability System.

61. At the invitation of the Chairman, the Deputy Secretary for Financial Services and the Treasury 1 said that the Government understood that the Finance Committee would not have sufficient time to deal with the three outstanding agenda items before the prorogation of the Council from 18 July 2012, and the Government would not request that further meetings be held to discuss the items.

62. The meeting was adjourned at 7:00 pm.

Legislative Council Secretariat
3 October 2012