

立法會
Legislative Council

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(These minutes have been
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Finance Committee of the Legislative Council

**Minutes of the 5th meeting
held at Conference Room 1 of the Legislative Council Complex
on Friday, 10 January 2014, at 3:00 pm**

Members present:

Hon NG Leung-sing, SBS, JP (Chairman)
Hon Emily LAU Wai-hing, JP (Deputy Chairman)
Hon Albert HO Chun-yan
Hon LEE Cheuk-yan
Hon James TO Kun-sun
Hon CHAN Kam-lam, SBS, JP
Hon LEUNG Yiu-chung
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, GBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon Vincent FANG Kang, SBS, JP
Hon WONG Kwok-hing, BBS, MH
Prof Hon Joseph LEE Kok-long, SBS, JP, PhD, RN
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Hon Ronny TONG Ka-wah, SC
Hon Cyd HO Sau-lan
Hon Starry LEE Wai-king, JP
Dr Hon LAM Tai-fai, SBS, JP
Hon CHAN Kin-por, BBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP

Dr Hon LEUNG Ka-lau
Hon CHEUNG Kwok-che
Hon WONG Kwok-kin, BBS
Hon IP Kwok-him, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Alan LEONG Kah-kit, SC
Hon Albert CHAN Wai-yip
Hon WONG Yuk-man
Hon Claudia MO
Hon Michael TIEN Puk-sun, BBS, JP
Hon James TIEN Pei-chun, GBS, JP
Hon Steven HO Chun-yin
Hon Frankie YICK Chi-ming
Hon WU Chi-wai, MH
Hon YIU Si-wing
Hon Gary FAN Kwok-wai
Hon MA Fung-kwok, SBS, JP
Hon Charles Peter MOK
Hon CHAN Chi-chuen
Hon CHAN Han-pan
Dr Hon Kenneth CHAN Ka-lok
Hon CHAN Yuen-han, SBS, JP
Hon Kenneth LEUNG
Hon Alice MAK Mei-kuen, JP
Dr Hon KWOK Ka-ki
Hon Dennis KWOK
Hon Christopher CHEUNG Wah-fung, JP
Dr Hon Fernando CHEUNG Chiu-hung
Hon SIN Chung-kai, SBS, JP
Dr Hon Helena WONG Pik-wan
Hon IP Kin-yuen
Dr Hon Elizabeth QUAT, JP
Hon Martin LIAO Cheung-kong, JP
Hon POON Siu-ping, BBS, MH
Hon TANG Ka-piu
Dr Hon CHIANG Lai-wan, JP
Ir Dr Hon LO Wai-kwok, BBS, MH, JP
Hon CHUNG Kwok-pan
Hon Tony TSE Wai-chuen

Members absent:

Dr Hon LAU Wong-fat, GBM, GBS, JP
Hon CHAN Hak-kan, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Hon LEUNG Kwok-hung
Hon LEUNG Che-cheung, BBS, MH, JP
Hon KWOK Wai-keung
Hon Christopher CHUNG Shu-kun, BBS, MH, JP

Public officers attending:

Professor K C CHAN, GBS, JP	Secretary for Financial Services and the Treasury
Ms Elizabeth TSE Man-yee, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Ms Esther LEUNG, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Mr Alfred ZHI Jian-hong	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Mr WONG Kam-sing, JP	Secretary for the Environment
Dr Ellen CHAN Ying-lung, JP	Assistant Director of Environmental Protection (Environmental Infrastructure)
Ms Joyce NG Suet-yee	Chief Estate Surveyor (Acquisition), Lands Department
Mr Tony MOYUNG Hon	District Lands Officer (North), Lands Department
Mr YEUNG Tak-keung	Deputy Secretary for Financial Services and the Treasury (Treasury) 3
Mr John KWONG Ka-sing	Chief Assistant Secretary for Development (Works) 1
Dr KO Wing-man, BBS, JP	Secretary for Food and Health
Mr Christopher WONG Kwok-bun, JP	Deputy Secretary for Food and Health (Food)
Dr LEUNG Siu-fai, JP	Deputy Director of Agriculture, Fisheries and Conservation
Dr SO Ping-man	Assistant Director of Agriculture, Fisheries and Conservation (Fisheries)

Clerk in attendance:

Mr Andy LAU

Assistant Secretary General 1

Staff in attendance:

Mr Derek LO

Chief Council Secretary (1)5

Mr Daniel SIN

Senior Council Secretary (1)7

Mr Ken WOO

Senior Council Secretary (1)5

Mr Frankie WOO

Senior Legislative Assistant (1)3

Ms Christy YAU

Legislative Assistant (1)7

Action

The Chairman advised members that two meetings had been scheduled for the day. There would be a ten-minute break after the first meeting. The second meeting would begin at 5:10 pm.

Item No. 1 – FCR(2013-14)47

**RECOMMENDATIONS OF THE ESTABLISHMENT
SUBCOMMITTEE MADE ON 4 AND 11 DECEMBER 2013**

2. The Chairman said that the item sought the Committee's approval of the recommendations of the Establishment Subcommittee made at the meetings on 4 and 12 December 2013.

3. The Chairman put the item to vote. The Chairman declared that the Committee approved the item.

Item No. 2 – FCR(2013-14)48, FCR(2013-14)48A

**RECOMMENDATION OF THE PUBLIC WORKS
SUBCOMMITTEE MADE ON 18 DECEMBER 2013**

4. The Chairman said that the item sought the Committee's approval of the recommendation of the Public Works Subcommittee ("PWSC") made at its meeting on 18 December 2013 (i.e. PWSC(2013-14)27).

5. The Chairman drew members' attention that the Administration had submitted a supplementary information paper FCR(2013-14)15, which explained the block allocation funding mechanism and gave its views on the

suggestions by some members that certain items set out under the paper PWSC(2013-14)27 be taken out for separate voting.

6. The Chairman also drew members' attention to the paper FCR(2013-14)48A, which the Administration had just submitted before the meeting and was presently laid on members' tables. The latest paper proposed to amend PWSC(2013-14)27 by reducing the funding sought for the Capital Works Reserve Fund ("CWRP") block allocations for 2014-2015 from \$12,232.8 million to \$12,205.527 million. The reduction of \$27,273,000 represented the cash flow requirement of the following projects –

- (a) Head 701 Subhead 1100CA – Northeast New Territories Landfill Extension (\$18.273 million);
- (b) Head 705 Subhead 5101DX – Southeast New Territories Landfill Extension – consultancy study for design and construction (\$3 million); and
- (c) Head 705 Subhead 5101DX – West New Territories Landfill - study of road access (upgrading of Nim Wan Road and Deep Bay Road) – feasibility study (\$6 million).

7. The Chairman said that he agreed that the Administration's latest paper (FCR(2013-14)48A) should be discussed and voted on in tandem with the current FCR(2013-14)48 at the meeting.

8. The Chairman added that two members had requested that certain projects listed in PWSC(2013-14)27 should be taken out for separate discussion and voting. As this approach constituted a change to FC's long-established practice for dealing with funding proposals related to CWRP block allocations, the Chairman had hitherto intended that the Committee should consider whether the established practice should be changed.

9. Now that the latest submission from the Administration had partially responded to members' request, the Chairman said that the Committee should now proceed directly to discuss the two papers (FCR(2013-14)48 and FCR(2013-14)48A) together.

10. At the invitation of the Chairman, the Administration introduced the paper FCR(2013-14)48A.

11. Permanent Secretary for Financial Services and the Treasury (Treasury) ("PS(Tsy)") advised that the paper FCR(2013-14)48A proposed to

amend PWSC(2013-14)27 to the effect that the total allocation sought for the block allocations under CWRP for 2014-2015 be reduced to \$12,205.527 million. She said that the Administration was aware of some members' views regarding the four items relating to landfill extension projects and the proposed integrated waste management facilities. The Administration had already undertaken that the three projects set out in paragraph 2 (a) – (c) of FCR(2013-14)48A would only be commenced upon the main construction works of the respective projects had been approved by FC. To reflect the Administration's commitment, the corresponding funding requirements were not included in the recommendations of the paper (FCR(2013-14)48A). However, the remaining item "Integrated waste management facilities phase 1 – consultancy study for design and construction" under Head 705 Subhead 5101DX, which was requested by a member for singling out from PWSC(2013-14)27 for separate voting, had already commenced in October 2011 with a contract having been signed. Therefore, the item as well as its cash flow requirement for 2014-2015 would not be excluded from the block allocation proposal. PS(Tsy) concluded that the Administration now requested FC to –

- (a) approve a total allocation of \$12,205.527 million for 2014-2015 for the block allocations under CWRP ; and
- (b) increase the approved allocation for Subhead 4100DX under Head 704 for 2013-2014 by \$55.2 million from \$232.5 million to \$287.7 million.

12. At the invitation of the Chairman, Secretary for the Environment ("SEN") further elaborated the Administration's position. SEN said that the Administration had not attempted to implement the concerned landfill extension projects and the integrated waste management facilities before funding for the main construction works was approved. The approach of carrying out preliminary investigation and necessary preparation for public works projects using block allocations under CWRP was consistent with the well established on-going practice, and the Administration was acting within the scope of authority delegated by FC. These works were necessary to enable the Administration to assess the impacts of the proposed projects, and to prepare project estimates and tender documents. The Administration had already made an undertaking that no funding sought for the concerned CWRP block allocation items would be incurred until the funding approved for the respective construction works had been approved by FC. SEN said that members should not confuse funding applications for block allocations and funding for the main construction works of the related projects.

13. At this juncture, a member of the public shouted loudly in the public gallery. The Chairman reminded members of the public that they should behave in an orderly manner and remain quiet during the meeting.

14. The Chairman directed that each member should not speak for more than three minutes, including the Administration's response.

15. Dr LO Wai-kwok said that PWSC members had discussed at the meeting held on 18 December 2013 whether separate discussion and voting should be conducted on certain items as requested by members. Noting that the block allocation mechanism had provided the Administration with the needed flexibilities in the implementation of minor works projects and that construction works of individual projects would need to be submitted to the Subcommittee for separate approval, he held the view that the Subcommittee should strike a balance between project funding monitoring and operation efficiency. As such, the Subcommittee had not dealt with the requests put forward by some members to single out certain items for separate voting. He said that if FC agreed to change the long-established practice for handling funding proposal for CWRF block allocations, there was a need for the Subcommittee to adopt a similar arrangement in future.

16. Dr LO Wai-kwok expressed concern about the possible delay in implementing waste management strategies and measures as the funding for the preparatory works of landfill extension projects had been taken out of the block allocations under CWRF for 2014-2015.

17. Ms Cyd HO welcomed the Administration's initiative to exclude the relevant items relating to landfill extension projects from the funding proposal, which were controversial in nature. She cautioned that the Administration should not try to force through the items in FC.

18. Ms Cyd HO commented that even if the Administration could eventually secure FC's funding approval to implement the landfill extension projects, there was a limit to the extent by which the landfills could be expanded. In this connection, Ms HO urged the Administration to commit recurrent funding to promote waste recovery and reuse. She said that the Labour Party had suggested that the Administration should set aside \$2 billion for the purpose, which would help promote the waste recovery and waste separation business, and help create more than 10 000 green employment opportunities.

19. Mr Frederick FUNG said that he would move a motion to adjourn the agenda item if the Administration insisted on keeping the original items to vote at this meeting. Mr FUNG said that he objected to the funding proposals of

the landfill extension projects when they were submitted to FC for approval on 12 July 2013. The Administration had since undertaken to consult the Tuen Mun District Council before proceeding further with the extension of the West New Territories landfill. However, no consultation had been held so far. Dr KWOK Ka-ki made a similar comment. Dr KWOK added that the Administration had declined to meet with the local residents despite repeated invitations by the Civic Party.

20. Mr Frederick FUNG noted the Administration's explanation that the funding being sought for the CWRf block allocations was meant to be used for carrying out preliminary investigation, preparatory works or minor works items, and that the amounts sought for the items related to the landfill extension projects and the integrated waste management facilities would not be incurred until the funding for the main construction works was approved. If this was the case, there was no point for the Administration to include the relevant items in the funding proposals for CWRf block allocations for 2014-2015. He queried the Administration's explanation which was totally unsound.

21. Mr WU Chi-wai welcomed the Administration's decision to exclude the items relating to landfill extension projects from the funding proposals for CWRf block allocations for 2014-2015.

22. Mr WU Chi-wai echoed Ms Cyd HO's views that the approach to waste management should be examined in a holistic manner, and that more resources should be committed to promoting waste reduction, recovery and reuse. Dr KWOK Ka-ki raised a similar view and criticized the Administration for lacking commitment to deal with issues relating to waste management.

23. Mr James TIEN welcomed the Administration's decision to exclude the project items relating to landfill extension projects from the funding proposal. Mr TIEN said that members belonging to the Liberal Party did not favour the funding proposals for the main landfill extension projects. By the same token, they would not support the funding proposals to carry out the preliminary and preparatory works using funds under block allocations. While agreeing that the mechanism for funding minor public works project through block allocations should be maintained, Mr TIEN criticized the Administration for abusing the system by splitting up the controversial landfill extension projects, and inserting parts of the projects that cost less than \$30 million to current funding proposal so as to kick-start the projects.

24. Mr Gary FAN said that the public were concerned that the Administration would attempt to start implementing the landfill extension

projects before a consensus was reached. As a Legislative Council ("LegCo") Member from the geographical constituency, he felt duty-bound to be cautious about any proposals from the Administration that were connected with landfills. Mr FAN said that he first requested the corresponding landfill extension-related items in the funding proposal be discussed and voted on separately at the PWSC meeting in December 2013.

25. Mr Gary FAN said the Administration had resisted his suggestion apparently because the precedent that would thus create might upset the proven and convenient block allocation mechanism in implementing minor public works projects or preliminary and preparatory tasks for major public works items. Mr FAN commented that allowing greater flexibility for the Government to handle minor public works items might enhance administrative expediency, but would undermine LegCo's ability to monitor the Administration's use of public funds. As the CWRP block allocation mechanism was originally authorized by FC, and as the Financial Secretary's power to implement public works projects costing less than \$30 million was delegated by FC, Mr FAN said that he had intended to move a motion which allowed the Committee to re-examine whether the authorization and delegated authority should be rescinded or modified.

26. As regards the proposed landfill extension projects, Mr Gary FAN said that the Administration had undertaken to implement a series of mitigation measures including requiring refuse collection vehicles to be retrofitted with tailgate cover and waste water sump tanks, etc. Mr FAN said more time was needed for members to assess the effectiveness of these measures before they could re-consider whether or not the Administration's landfill extension projects should be supported. It was therefore premature at this stage for the Administration to seek FC's approval for the landfill related works.

27. Dr Fernando CHEUNG commented that it was not a proper way for the Administration to break up the landfill extension projects and include those parts on preliminary investigations and preparatory works for funding under CWRP block allocations, when the Administration had not yet obtained FC's approval for the main construction works in the previous LegCo session. Dr CHEUNG said that if the original funding proposal for CWRP block allocations for 2014-2015 was approved at this meeting, and the funding applications for the main construction works of the landfill extension projects were eventually rejected, the funding approved in the CWRP block allocations for works items related to these landfill extensions would be laid idle.

28. Dr Fernando CHEUNG said that the Administration should spend more efforts to communicate with members and the respective District Councils

so as to assure the public that the Administration would implement concrete measures that would address the community's concern, and that the landfill extension projects and the proposed integrated waste management facilities would not create further pollution and public nuisance.

29. Mr CHAN Chi-chuen said that the Administration's original approach to seek funding for CWRP block allocations to implement the preliminary investigation and preparatory works for the landfill extension projects was improper and unreasonable. He said that the system for block allocations was authorized by FC. If there was any abuse on the part of the Administration, FC should consider revoking the delegation. In this connection, Mr CHAN said that he had intended to move motions to express these views on the item under paragraph 37A of the FC Procedure, if the Administration had not taken the initiative to take out the items relating to the landfill extension projects from the funding proposal.

30. Mr TAM Yiu-chung said that the block allocation mechanism that allowed the Financial Secretary to authorize funding to be used to implement public works projects that cost less than a specified cost ceiling, had been in practice for many years. He noted that the main funding proposals for the three landfill extension projects involved a large amount of financial commitment as compared with the three landfill-related items under the block allocations proposal. The funding being sought for CWRP block allocations would be used, among other matters, on preparatory works for the landfill extension projects.

31. Mr TAM Yiu-chung noted the submission from the Tuen Mun District Council ("TMDC") asking FC not to approve funding for the extension of West New Territories Landfill before a consensus was reached between TMDC and the Administration. He surmised that the letter should not be understood as TMDC's objection to the funding for conducting feasibility study of upgrading Nim Wan Road and Deep Bay Road because the project was originally requested by TMDC.

32. Mr Albert HO clarified that the project under Head 705 5101DX "West New Territories landfill – study of road access (upgrading of Nim Wan Road and Deep Bay Road) – feasibility study" was premised on the landfill extension being approved and implemented, to which TMDC objected.

33. Dr LAM Tai-fai said that when the Administration put forward the funding proposals for the landfill extension projects, he had warned the Administration about the need to resolve the political and livelihood issues behind the waste management problem. Dr LAM said that he had impressed

upon the Administration to conduct thorough consultation with the community and should lobby members for support of the proposals. Apparently, the Administration had not learned from the experience from how the three landfill extension projects were rejected in the previous LegCo session, and had not consulted with TMDC on the matter. On the other hand, Dr LAM said that the Administration tried to obtain funding secretly to kick-start the landfill extension projects through the block allocation mechanism. Although the Administration finally decided to exclude the item relating to the West New Territories landfill extension from the funding proposals for CWRF block allocations, Dr LAM criticized the Administration's approach as improper and unreasonable. He urged the Administration to continue to seek a consensus with TMDC on the matter.

34. Mr Albert HO criticized the Administration's approach of seeking FC's funding for public works items relating to landfill extension projects before having conducted sufficient consultation with TMDC. Mr HO said that there were still active discussions on a number of issues which TMDC members considered should be examined and tackled in a holistic manner.

35. Mr James TO said that Members belonging to the Democratic Party had raised strong objection to the Administration's approach to seek funding approval from FC for CWRF block allocations, and to implement the specified public works projects relating to the landfill extension projects. He now welcomed the Administration's decision to exclude the items from the funding proposal. Mr TO commented that as the landfill extension projects were very sensitive, the Administration should not seek funding approval for individual items relating to landfill extension projects under block allocation in the usual manner. The incident reflected the Administration's lack of political sensitivity towards public sentiment.

36. There being no further questions or comments from members, the Chairman put the item FCR(2013-14)48 as amended by FCR(2013-14)48A, to vote, i.e.

- (a) to approve a total allocation of \$12,205.527 million for 2014-2015 for the block allocations under CWRF; and
- (b) increase the approved allocation for Subhead 4100DX under Head 704 for 2013-2014 by \$55.2 million from \$232.5 million to \$287.7 million.

37. The Chairman declared that the Committee approved this funding proposal as amended.

Item No. 3 – FCR(2013-14)44

HEAD 22 – AGRICULTURE, FISHERIES AND CONSERVATION DEPARTMENT

Subhead 700 – General non-recurrent

New Item "Sustainable Fisheries Development Fund"

38. The Chairman said that the item sought the Committee's approval of the creation of a new commitment of \$500 million for setting up the Sustainable Fisheries Development Fund ("SFDF").

39. Dr Helena WONG, Chairman of the Panel on Food Safety and Environmental Hygiene, reported that the Panel discussed the proposal at the meeting held on 12 November 2013. The majority members supported the proposal. Some members expressed concern that many fishermen and fisheries organizations lacked experience in preparing funding applications and requested the Administration to simplify the application procedures, and to provide suitable assistance to them. Some members considered that the Administration should develop detailed proposals regarding the scope of SFDF, and to provide further information on the categories of projects that might be eligible for support under the proposed Fund. However, the Administration had indicated that it was up to the interested applicants to put forward proposals for consideration by the SFDF Advisory Committee.

Assistance to fisheries community to submit applications under SFDF

40. Mr WONG Kwok-hing expressed concern about whether the proposed SFDF could benefit the targeted fisheries community. He said that many fishermen were not well-educated but they were required to form a company and prepare project proposals when applying for funds under SFDF. Mr WONG asked whether the Administration could assist fishermen in the application process and provide guidance in applying the funds in practical areas.

41. Mr WONG Kwok-hing also asked the Administration to provide regular reports, say every year or every six months, on the number of fishermen or fisheries organizations benefited and the number of projects funded.

42. Secretary for Food and Health ("SFH") responded that the proposed SFDF aimed to help enhance the overall competitiveness of the local fishing industry in facing the various challenges. The Agriculture, Fisheries and Conservation Department would organize seminars, workshops or briefing sessions for the fishermen community to help them understand better the nature and mechanism of the proposed fund as well as the application procedures.

The Administration would closely monitor the funding process to ensure that resources would be available to those most in need of support. SFH agreed that regular progress reports would be submitted to the relevant Panel.

43. Deputy Director of Agriculture, Fisheries and Conservation ("DDAFC") added that the Department would maintain close liaison with the fishermen community and provide suitable assistance on preparing applications to the proposed SFDF. DDAFC explained that the Administration had identified possible areas where the fishermen community and related stakeholders could submit project proposals under the Fund. He said that the areas presented in the paper (FCR(2013-14)44) were indicative only and such areas were identified in conjunction with the fisheries sector during discussion with them.

44. The Chairman directed that members' speaking time would be five minutes, including the Administration's reply.

Lack of comparable financial support to other economic sectors

45. Mr James TIEN said that Members belonging to the Liberal Party had reservation on the funding proposal. Mr TIEN said that there were many business sectors in Hong Kong of sizes larger than the fisheries industry that needed the Government's support. However, no financial support had been provided to those sectors. Mr TIEN asked how the Administration justified the funding proposal.

46. Mr James TIEN also expressed concern whether the resources of SFDF would stay idle as he did not expect that many people would apply. He also asked whether the Administration would first seek an injection of about \$150 million, which would allow the Fund to operate for about three years. If the Fund could demonstrate to be effective in meeting its objectives, the Administration could then apply for further injection.

47. SFH acknowledged that every business sector would have problems of their own which might require support from the Government. However, given the depletion of marine resources in the Hong Kong waters and the impact of public works projects in Hong Kong waters on the operations of the fisheries industry, the Administration considered it necessary to provide support to sustain the operation of the fisheries industry. SFH added that projects to be funded under SFDF might take several years to achieve the desired results, and applicants would also need to invest part of the capital for the projects concerned. The fisheries industry needed assurance of a longer-term

commitment from the Government, and against these considerations, the proposed SFDF should have sufficient capital for it to run for about ten years.

48. Mr CHUNG Kwok-pan said that the arguments put forward in the paper FCR(2013-14)44 to justify the Administration's assistance to the fisheries industry could apply equally to many other sectors such as the export trade or the textile industry. He queried the Administration's basis in committing \$500 million to support the long-term sustainability of the fisheries industry while no comparable support was provided to other industries.

49. Mr CHUNG Kwok-pan noted from paragraph 11 of the paper that many local fishermen remained cautious about the prospects of growth in the fisheries industry, while others were held back by the risks and technical challenges involved. Mr CHUNG said that it appeared that the fisheries industry was not certain of the direction of its development. He queried if it was prudent for the Administration to commit \$500 million of public funds to promote the restructuring of the industry. If, by the same token, Hong Kong's manufacturers wished to locate their manufacturing base to Hong Kong, Mr CHUNG asked if the Administration would render similar assistance.

50. Dr LAM Tai-fai commented that the Administration had all along neglected the manufacturing sector. The industrial sector was as important as the fisheries sector in terms of employment and contribution to Hong Kong's Gross Domestic Product, and was facing equally daunting challenges. If the fisheries industry could be provided support by the setting up of SFDF, Dr LAM expected that the Administration would provide comparable assistance to the industrial sector.

51. SFH responded that the Administration would consider suitable measures to support the development of various business and industrial sectors, taking into consideration their unique background and characteristics. In agriculture, for example, the Administration was considering ways to consolidate fragmented pieces of agricultural land to facilitate sustainable development of agriculture.

52. SFH added that the measures proposed for supporting the fisheries industry represented the outcome of several rounds of discussion with the fisheries industry and reflected the industry's views on the long-term development of fisheries industry.

53. Mr Vincent FANG said that many sunset industries such as livestock rearing industry did not receive any support from the Government. He suggested that the Administration should consider setting up a special fund to

support the sustainable development of sunset industries. Mr WONG Yuk-man made a similar suggestion.

54. SFH said that there were different sunset industries each facing unique challenges. There was no single formula or solution that could be applied across the board to address all the multifaceted issues these industries were facing. For example, the livestock industry would have been viable except for the threat from the avian flu. With the implementation of risks containment and control measures, the trade was able to survive.

55. Dr LO Wai-kwok supported the funding proposal. He said that many business and industrial sectors in Hong Kong were facing different challenges in their operations. The Administration should take a strategic and holistic view on how to promote the development of various sectors. Dr LO commented that members should not object to this worthwhile initiative just because the Administration was not doing enough to support other sectors.

56. Mr Steven HO said that the fisheries industry was one of Hong Kong's primary industries and should not be directly compared with other industries. He added that it was not appropriate to measure the support from the Government on a particular industry in terms of its contribution to the economy; otherwise, the Government should be committing all its resources on supporting real estate development.

Co-operation with the tourism sector in promoting eco-tourism

57. Mr YIU Si-wing supported the funding proposal. He asked whether the trial scheme in fisheries-related eco-tourism was effective, how much had been spent and how many fishermen had successfully switched to recreational fishing. Mr YIU also asked if the tourism sector had been involved in the implementation of the trial scheme.

58. DDAFC said that since 2010, the Government had implemented trial schemes in collaboration with the fisheries industry and organizations with knowledge and experience in eco-tourism in North East New Territories, Sai Kung, Lamma Island and the western waters of Hong Kong. A total of 450 tours had been organized involving more than 13 000 participants. More than 400 fishermen received training on how to conduct eco-tours.

59. SFH said that one of the major difficulties for fishermen to switch to recreational fishing was the initial capital required to convert their fishing vessels to pleasure vessels for carrying passengers and, at the same time, comply with all the statutory and maritime safety requirements.

60. Mr YIU Si-wing suggested that the Administration should involve the co-operation of the tourism sector in promoting eco-tourism so that more sustained and regular tours could be organized. SFH agreed with Mr YIU's comments.

61. Mr Albert CHAN said that the Administration should implement in tandem other measures, such as restricting the number and types of fish or marine creatures that could be captured in a season, and enhanced law enforcement activities against illegal entry and operations of Mainland fishing vessels in Hong Kong waters.

The nature and objective of SFDF

62. Dr Helena WONG commented that the idea of the proposed SFDF arose from the implementation of trawl ban in December 2012. Dr WONG sought clarification whether the fund was a compensatory measure to support those fishermen affected by the trawl ban. She said that as a one-off ex-gratia payment had been provided to the affected fishermen, the Administration should not double-compensate them.

63. Dr Helena WONG said that if the fishermen switched to recreational fishing or to operating eco-tourism using the Fund, then they would no longer be engaged in the fisheries industry; the Administration would, under such circumstances, not be promoting sustainable development in fisheries. Dr WONG asked whether the fisheries industry in Hong Kong was sustainable and whether the industry could attract young people to enter into the industry.

64. Mr Steven HO did not agree that SFDF was a compensatory measure arising from the trawl ban. He explained that the fisheries industry in Hong Kong included capture fisheries, aquaculture fisheries as well as recreational fishing. Practitioners might make use of the fund to switch from any of the three categories to another.

65. SFH confirmed that SFDF was not meant to be a compensatory measure for fishermen affected by the trawl ban. Indeed, the fisheries community faced different challenges due to changing operating environment such as deterioration of water quality as a result of implementation of infrastructural projects and the growing concern about nature conservation. The proposed SFDF was intended to help the fisheries sector achieve more viable and sustainable development by widening the scope of fisheries operations.

66. Mr Vincent FANG noted that the current funding proposal was part of the Chief Executive's pledges in his election platform; the setting up of SFDF was also announced in the 2013 Policy Address. Mr FANG said that he was a member of the Committee on Sustainable Fisheries in 2006. At that time, the Committee noted the difficulties faced by the fisheries industry, including the soaring operating cost and lack of young people joining the industry. In connection with the trawl ban since 31 December 2012, many practising fishermen retired after receiving an ex-gratia payment. The Committee on Sustainable Fisheries held the view that recreational fishing and aquaculture fisheries were the only two feasible directions of fisheries development in Hong Kong. As the fisheries industry was shrinking, Mr FANG queried the Administration's justification for setting up SFDF to support the fisheries industry.

67. Mr Vincent FANG also requested the Administration to provide information about the different types of funding support currently made available to the fisheries industry, the objectives of these funding support, when they were set up, the total capital injection made to each funding support, the amount allocated under the respective scheme and their current balances.

Admin 68. SFH undertook to provide the information as requested.

Political motivation in setting up of SFDF

69. Mr Albert CHAN commented that the People's Power had been urging the Government to set up a \$20 billion fund to promote the development of fisheries industry in Hong Kong. He said that the fisheries industry in Hong Kong was declining due to the Administration's ineffectual policy and the fact that very few young people were willing to join the industry. He said that it was important that the fisheries industry could develop in a sustainable manner. He commented that the \$500 million SFDF was unlikely to be effective in boosting the fisheries industry, but it was more of a gesture of the Chief Executive ("CE") to reward the electors who supported him in the last CE election.

70. SFH responded that the proposed SFDF was formulated by the Administration in consultation with the fisheries industry. He emphasized that the funding proposal was not politically motivated as suggested by Mr Albert CHAN.

71. The Chairman said that he was aware of the proposal being discussed a few years ago at the Committee on Sustainable Fisheries, as he was a member

of the Committee at that time. The proposal was unlikely to be designed to serve a political purpose.

72. Mr Steven HO also commented that the proposal to set up a fund to promote sustainable development of fisheries industry in Hong Kong had been under discussion for some years and he did not consider the proposal was meant to be a reward for supporting the incumbent Chief Executive in the election.

Other ancillary measures to be implemented with SFDF

73. Dr LO Wai-kwok commented that it was unlikely that the proposed SFDF could effectively promote the sustained development of the fisheries industries if the Administration would simply leave it to the fishermen community to come up with project proposals without other supporting measures. Dr LO said that to promote development of the fisheries industry, the Administration needed to improve water quality, and to help the fisheries industry to improve the technologies in capture fisheries as well as aquaculture fisheries. The Administration should take proactive steps to steer the development of the fisheries industry.

74. SFH said that Hong Kong faced many physical constraints and Government's intervention was necessary in sustaining the fisheries industry. The Administration would provide a wide range of support measures such as improvement in fishing technologies, skills training for fishermen as well as research and development in the fisheries industry, using the proposed SFDF. However, self-initiative by the fisheries community was also important for SFDF to be effective.

Supportive measures that should be initiated by the Administration

75. Mr WONG Yuk-man supported the funding proposal. He noted that many stakeholders had made comments and suggestions on the measures that should be implemented to sustain the development of fisheries such as the restocking programmes of local species. These suggestions were non-controversial and could be implemented by the Administration without having to wait for applications from the fisheries community under the Fund.

76. Mr WONG Yuk-man noted that the Administration was aware of the access of the fisheries community to other funding sources such as the Fisheries Development Loan Fund and the Administration had indicated that it would examine how the proposed SFDF should be positioned. Mr WONG commented that the Administration should have thought this through when putting forward the SFDF proposal.

77. SFH noted that a number of members had suggested that the Administration should be more proactive in implementing measures to promote the sustainable development of the fisheries industry, notwithstanding the need for the fisheries community to take its own initiatives. SFH said the Administration would give these views further consideration.

78. Mr Steven HO said that unlike SFDF, the scopes of the other existing funds currently available for the fishermen community were quite narrow and restrictive. He did not agree that there were overlapping in the funding support provided to the fisheries industry. Mr HO noted that the Administration had intended that local fishermen might apply for grants under SFDF to develop technology that help tap unexplored or under-explored pelagic fisheries in mid-level waters in Nansha and Zhongsha. Mr HO called on the Administration to play an active role to communicate with the Mainland authorities to facilitate access by Hong Kong fishing vessels to those waters.

Operation of SFDF and performance indicators

79. Mr Steven HO asked whether the membership of the SFDF Advisory Committee would include representatives from the fisheries industry. Mr HO noted the Administration's estimated cash flow of the proposed fund to be \$50 million each year for the period from 2014-2015 to 2023-2024. He asked if any unspent amount of the estimated cash flow would be carried forward to the following year.

80. SFH said the Advisory Committee would include representatives from the fisheries sector, but members from other sectors, such as legal or financial professionals, might be appointed to ensure objectivity and fairness. SFH also assured members that the cash flow for the coming years was the Administration's estimates and there would be flexibility in the allocation of funds.

81. Dr LAM Tai-fai said it was difficult for him to support the funding proposal unless the Administration could explain clearly what performance indicators would be adopted to measure the effectiveness of the fund.

82. SFH said that while the Administration did not have quantifiable performance indicators, he could explain his vision on the future development of the fisheries industry. SFH said that he envisioned that fishermen could continue to carry out fishing operations within Hong Kong waters using different sustainable technologies and that fish species that had been scarce currently might become abundant again. With continued improvement in water quality, more areas could be developed for aquaculture fisheries, and that

more guided fishing tours would be available for the public to enjoy leisure fishing.

Long-term policy on fisheries development

83. Mr Tommy CHEUNG said that for many years Members had in many different occasions urged the Administration to develop a long-term policy on the development of fisheries industry in Hong Kong. However, up to now, no clear policy had been formulated. Without a clear policy, it was difficult for members to endorse the setting up of the proposed SFDF, the objective of which appeared to have been covered by other funding support schemes administered by the Administration.

84. SFH responded that, contrary to Mr CHEUNG's comment, the Administration had clear policy directions on the development of fisheries in Hong Kong. On capture fisheries, there were more restrictions on inshore fishing, but there were other alternative and sustainable fishing methods to trawling that could be adopted. While deep-sea fishing might not be viable for local fishermen, fisheries at mid-level waters could continue to develop. SFH said that new technologies were available and could be promoted for aquaculture fisheries. As regards recreational fishing, the Administration would continue to explore and implement policy measures to promote this area of fisheries industry.

85. At 5:00 pm, the Chairman announced that the meeting be adjourned and the next meeting would be held after a ten-minute break.

86. The meeting was adjourned at 5:00 pm.

Legislative Council Secretariat

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