

立法會

Legislative Council

LC Paper No. FC85/13-14
(These minutes have been
seen by the Administration)

Ref : CB1/F/1/1

Finance Committee of the Legislative Council

Minutes of the 9th meeting
held at Conference Room 1 of the Legislative Council Complex
on Friday, 21 February 2014, at 3:45 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 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 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 Hak-kan, 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 IP Kwok-him, GBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
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 YIU Si-wing
Hon Gary FAN Kwok-wai
Hon MA Fung-kwok, SBS, JP
Hon Charles Peter MOK
Hon CHAN Chi-chuen
Dr Hon Kenneth CHAN Ka-lok
Hon CHAN Yuen-han, SBS, JP
Hon LEUNG Che-cheung, BBS, MH, JP
Hon Kenneth LEUNG
Hon Alice MAK Mei-kuen, JP
Dr Hon KWOK Ka-ki
Hon KWOK Wai-keung
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 Christopher CHUNG Shu-kun, BBS, MH, JP
Hon Tony TSE Wai-chuen

Members absent:

Hon James TO Kun-sun
Dr Hon LAU Wong-fat, GBM, GBS, JP
Hon Vincent FANG Kang, SBS, JP
Hon WONG Kwok-kin, BBS
Hon WU Chi-wai, MH
Hon CHAN Han-pan

Public officers attending:

Mr LAU James Henry Jr., JP	Under 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)
Prof Sophia CHAN, JP	Under Secretary for Food and Health
Mr Christopher WONG, JP	Deputy Secretary for Food and Health (Food) 1
Dr LIU Kwei-kin, JP	Assistant Director of Agriculture, Fisheries and Conservation (Agriculture)
Ms Wendy KO	Senior Agricultural Officer (Planning and Livestock Farm Licensing), Agriculture, Fisheries and Conservation Department
Mr SIN Kwok-hau, JP	Assistant Director of Food and Environmental Hygiene (Operations) 3
Dr LEE Siu-yuen, JP	Assistant Director of Food and Environmental Hygiene (Food Surveillance and Control)
Mr Eddie NG Hak-kim, SBS, JP	Secretary for Education
Mrs Betty IP TSANG Chui-hing, JP	Deputy Secretary for Education (3)
Miss Hera CHUM Chui-chi	Principal Assistant Secretary for Education (Special Education and Kindergarten Education)

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 was adjourned.

Item No. 1 – FCR(2013-14)59

**RECOMMENDATIONS OF THE ESTABLISHMENT
SUBCOMMITTEE MADE ON 15 AND 24 JANUARY 2014**

2. The Chairman said that the item sought the Committee's approval of the five recommendations of the Establishment Subcommittee made at its meetings on 15 and 24 January 2014.

3. The Chairman put the item FCR(2013-14)59 to vote. The Chairman declared that the Committee approved the item.

Item No. 2 – FCR(2013-14)60

**RECOMMENDATIONS OF THE PUBLIC WORKS
SUBCOMMITTEE MADE ON 22 AND 29 JANUARY 2014**

4. The Chairman advised that the item sought the Committee's approval of the recommendations of the Public Works Subcommittee ("PWSC") made at its meetings on 22 and 29 January 2014.

5. The Chairman put the item FCR(2013-14)60 to vote. The Chairman declared that the Committee approved the item.

Item No. 3 – FCR(2013-14)61

**HEAD 22 – AGRICULTURE, FISHERIES AND CONSERVATION
DEPARTMENT**

Subhead 700 General other non-recurrent

**New Item "Compensation and ex-gratia payments to poultry operators
affected by avian influenza"**

6. The Chairman said that the item sought the Committee's approval of the creation of a new commitment of \$17.7 million for paying compensation and ex-gratia grants as applicable to local chicken farmers, wholesalers, retailers, transport operators and self-employed workers at the wholesale market who were affected by the H7N9 avian influenza ("AI") incident on 27 January 2014. The Chairman advised that the Administration consulted the Panel on Food Safety and Environmental Hygiene on the funding proposal on 19 February 2014. A supplementary information paper issued by the Administration as requested by members of the Panel was laid on members' tables.

7. Dr Helena WONG Pik-wan, Chairman of the Panel on Food Safety and Environmental Hygiene, reported that Panel members in general supported the funding proposal. Dr WONG said that when deliberating the proposal, Panel members expressed concern about the reasonableness of the statutory compensation, i.e. \$30 per bird, under the Public Health (Animals and Birds) Ordinance ("PHAB Ordinance"), segregation of the live poultry imported from the Mainland and those raised in Hong Kong, and the study on the ban of live poultry in Hong Kong in the long run. Dr WONG stressed that the level of compensation had not been reviewed since 1999 although the price level and the economic conditions in Hong Kong had changed considerably since then. Dr WONG added that the Administration announced on 18 February 2014 the suspension of import of live poultry from the Mainland to Hong Kong for four months. In this connection, compensation should also be considered for those involved in the wholesale and retail activities of imported live poultry.

Eligible recipients of the compensation

8. Mr WONG Kwok-hing proposed that the Administration should seriously consider the segregation of live poultry from the Mainland and those bred locally by adding partitions in the Cheung Sha Wan Temporary Wholesale Poultry Market ("the wholesale poultry market") or by rotation of the time of usage for the two groups of poultry to reduce the risks of cross infection. While supporting the funding proposal, Mr WONG also requested the Administration to offer compensation to operators and workers involved in

the wholesale and retail activities of live poultry from the Mainland in view of the four-month suspension of import of live poultry.

9. Under Secretary for Food and Health ("USFH") said that the Administration had launched the Voluntary Surrender Scheme in 2004-2005 and then the Buy-out Scheme in 2008 to better manage the risks posed by AI. Subsequently, the numbers of retail outlets, wholesalers and poultry farms had maintained at 132, 23 and 30, respectively. USFH recapitulated that when rolling out the Buy-out Scheme in 2008, the Administration had made it clear to the operators who chose to stay in the live poultry trade that they had to bear the risks of further AI incidents. No ex-gratia payments ("EGP") had been offered after 2008 for any subsequent AI incidents. In December 2011 when a dead chicken in the wholesale market was tested positive for H5 AI, poultry in the wholesale market were culled. On the occasion, only statutory compensation was offered to affected bird owners.

10. USFH stated that for the AI incident on 27 January 2014, the Administration proposed to provide a one-off EGP on an exceptional basis to alleviate the financial hardship suffered by different groups of live poultry operators, as the incident came at a time when market demand for, and the price of, live poultry peaked in the immediate run-up to the Lunar New Year. To follow the provisions stipulated in the PHAB Ordinance, wholesalers whose poultry were slaughtered by order of the Director of Agriculture, Fisheries and Conservation would receive a statutory compensation of \$30 per bird. Besides, EGP would be provided to chicken farmers for chickens at or over the best marketable age, i.e. 80-day-old, as at 28 January 2014 at \$30 per bird. USFH said that live poultry retailers, transport operators and self-employed workers would also receive lump-sum EGP at different levels to alleviate their financial hardship as a result of the closure of the wholesale market for 21 days.

11. As regards the proposal to find a separate holding area for imported live poultry before AI testing results were available, USFH said that the Food and Health Bureau had been working very hard to find a suitable place for such purposes and strived to solve technical problems involved.

12. Mr Steven HO Chun-yin indicated his support for the proposal although he noted that it was far from sufficient from the viewpoint of the poultry trade. Mr HO requested the Administration to explain why no EGP would be made in respect of day-old chicks under the proposal. Noting that the Administration was assessing the impact of the four-month suspension of trade on the operators involved in the wholesale and retail of live poultry from

the Mainland, Mr HO asked whether the compensation made to these parties, if any, would form the basis for future compensation.

13. USFH explained that to protect public health, the Administration had made the decision to cull all poultry in the AI-affected place (i.e. the wholesale poultry market) and the Administration had the duty to compensate the bird owners in accordance with the law. On this particular occasion, the Administration saw a case to provide EGP to local chicken farmers, wholesalers, retailers, transport operators and self-employed workers at the wholesale market to alleviate their hardship as the incident came at a time when the market demand for, and the price of, live poultry peaked in the immediate run-up to the Lunar New Year. As for the operators breeding day-old chicks and contractors of live poultry, USFH said that the Administration considered that it was not justified to offer EGP to them after looking into their cases and balancing public interest.

14. USFH indicated that the Administration had been assessing the impact of the four-month suspension on the parties involved in the trading of live poultry imported from the Mainland and that the EGP made, if any, to the importers and operators of live poultry from the Mainland subsequent to this incident would not form the basis for future consideration for the grant of EGP. The Administration understood that the traders of imported live poultry would like to resume business as soon as possible. The Food and Environmental Hygiene Department and the Agriculture, Fisheries and Conservation Department were working hard in identifying a suitable site for the temporary holding of live poultry imported from the Mainland, taking into account the related technical issues.

Price of live chickens

15. Ms Emily LAU Wai-hing said that according to news reports, the chicken retailers had colluded in raising the price of live chickens after the sale of live poultry resumed on 19 February 2014. She enquired if the Administration had any measures to control the price of chickens in the market.

16. USFH expressed that the Administration had proposed the offer of EGP to the live poultry operators to relieve the financial hardship caused to them as they had missed the opportunity to sell the live poultry at marketable age in the run-up to the Lunar New Year. The Administration had been monitoring the price level of live chickens after the resumption of live poultry trade at the wholesale poultry market. It was noted that the poultry trade

association had promised to ensure steady supply of live poultry at a reasonable price after resumption of sale.

The nature of compensation

17. Mr WONG Yuk-man considered that the loss suffered by the trade would exceed the proposed sum of compensation of \$17.7 million. He was dissatisfied that the Administration called the compensation as "EGP" because the Administration had decided to cull all the live poultry affected by AI for public health reasons. He considered that such actions should have been avoided if the poultry from local farms and those from the Mainland were separated in the wholesale market and it should be the Administration's responsibility to compensate the poultry farmers and operators. Mr WONG proposed that the amount of compensation, which had not been adjusted since 1999, should be adjusted upwards by amending the legislation in accordance with changes in price level and economic conditions.

18. Mr WONG Yuk-man also asked if the Administration had any long-term plan to ban the trading of live poultry permanently in view of the many problems arising from the current policy.

19. USFH explained that the compensation of \$30 per bird slaughtered was made in accordance with the PHAB Ordinance, whereas the EGP of \$30 provided for each bird at the best marketable age, i.e. 80-day-old, in local farms was meant to subsidize the farmers for keeping these live chickens, which could have been sold, during the 21-day closure of the wholesale poultry market and trade suspension. Although the levels of the statutory compensation and the EGP offered were the same, the nature of the two was different.

Applicability of the compensation

20. Mr Frederick FUNG Kin-kee said that there were a group of contractors who imported day-old chicks from the Mainland, contracted with local farmers to raise the chicken to maturity, and then sold them to traders downstream. He asked why these contractors were not covered by the compensation proposal. Mr FUNG said that they should also receive compensation because they suffered business losses due to the mishandling of live poultry from the Mainland and Hong Kong on the part of the Administration.

21. Mr Frederick FUNG also relayed the concern of residents in the Cheung Sha Wan area that the wholesale market should be relocated elsewhere due to the risks posed by several outbreaks of AI in the past years.

22. USFH said that it was the policy of the Administration to provide compensation and EGP to those live poultry operators directly affected by the culling of poultry, and/or the subsequent closure of the wholesale poultry market and suspension of live poultry trade. The Administration did not see the case for providing EGP for any other associated business activities, including the breeders of day-old chicks.

23. Assistant Director of Agriculture, Fisheries and Conservation (Agriculture) ("ADAFC") explained that the recent incident had effected the culling of the live poultry kept at the wholesale poultry market and thus only the wholesalers (as the owners of the birds culled) were compensated. As for the group of contractors concerned, their business was only deferred and would return to normal when the chicken farms resumed operation.

24. USFH added that the preventive and control measures against the spread of AI had been effective. To manage the threat posed by outbreak of H7N9 in the Mainland, the Administration had put both local and imported live poultry through the Polymerase Chain Reaction tests against H7 at the farm level and at the Man Kam To boundary control point from April 2013, as well as serological tests from 24 January 2014 onwards. Nonetheless, the Administration had taken note of the call from the public to hold the live poultry separately from the Mainland and Hong Kong while awaiting the test results of the former, in order to reduce the risks of cross infection. Actions were being taken to find a suitable location for this purpose and to solve the related technical issues.

Long-term policy on the supply of live poultry

25. Dr Helena WONG urged the Administration to take a more decisive approach in this policy area because since 1998, the Administration had made out a total compensation of over \$1.4 billion to the poultry wholesalers, retailers and farmers, and there seemed to be no end to it. Dr WONG said the Administration should have aimed to discourage the farmers to rear chickens through the buy-out scheme, costing a total of \$1.1 billion, and now there were only 30 chicken farms left in Hong Kong producing about 12 000 chickens for the local market while the Mainland farms supplied about 7 000 chickens to Hong Kong per day. Dr WONG requested the Administration to tell the public about its position regarding the option to ban permanently the trading of

live poultry, which was already introduced in some Mainland cities like Hangzhou in view of the threat of AI.

26. USFH said that the Administration had spent a lot of resources on the preventive and control against AI and the current incident demonstrated that the system had fulfilled the role as gatekeeper, although it inevitably necessitated the culling of live birds and temporary suspension of live poultry trade, thereby causing an impact on the business of the live poultry operators. She said that the Administration would be seeking a consensus amongst the members of the public and the industry stakeholders in formulating the relevant long-term policy, and that a consultant would be appointed to study the issue and make recommendations.

27. Ms Cyd HO Sau-lan expressed that under the current policy, compensation might need to be made in the long term. Ms HO requested the Administration to upgrade the preventive measures at the border so that local chicken farmers would not suffer losses due to loopholes in the quarantine system in the Mainland chicken farms and the lack of facilities for separate holding of local poultry and those from the Mainland. Ms HO asked if the Administration would encourage the development of poultry farming in Hong Kong by making policy, legislation and land supply favourable to the farmers so that Hong Kong could consume chickens all produced locally.

28. USFH said that having gathered the views of the public and the trade, the Administration would focus efforts on and expedite the identifying a suitable location expeditiously to hold separately the imported live poultry awaiting AI test results. USFH said that they were also considering other short-term measures as regards the separation of poultry at the wholesale market.

29. ADAFC explained that about 60% of the day-old chicks were bred locally and supplied to the chicken farms. If any farmer intended to produce day-old chicks, which required specialized technology, he could contact the Department for assistance. In this regard, Ms HO urged the Administration to consider her proposal seriously in view of the fact that a considerable proportion of day-old chicks were supplied by local farms.

30. Mr LEUNG Kwok-hung said that Hong Kong could develop its own poultry industry to meet local consumption needs, because Hong Kong had a good track record in respect of the prevention of AI. The production of day-old chicks could be further increased and supplied to local farms and that the land acquired by real estate developers and remained idle currently could be turned into poultry farms. Mr LEUNG considered that since Hong Kong

could not control the practice in other jurisdictions, the import of live poultry should be stopped.

31. USFH said that despite the comprehensive preventive and surveillance measures put in place, it would be difficult to achieve zero risk either in Hong Kong or the Mainland. Experience showed that there had been outbreak of AI in both Hong Kong and the Mainland. If Hong Kong banned the import of live poultry, the price level of live poultry would likely rise and there would not be sufficient supply of live poultry to meet the demand of the local market.

Other concerns

32. Mr Tommy CHEUNG Yu-yan expressed support for the compensation proposal, although he understood that the compensation could not cover the loss suffered by the trade. He also concurred with other members that the statutory compensation of \$30 per bird should be reviewed, and should at least be adjusted to reflect inflation. Mr CHEUNG said that under the current policy, retail poultry stalls must not keep overnight the live poultry but there was no such requirement at the wholesale market. He urged the Administration to consider imposing a similar requirement at the wholesale level that poultry could not be kept overnight, which would increase the risks of spread of AI. Expressing concern that the price of chickens would go up after the resumption of trade of live poultry, Mr CHEUNG urged the Administration to shorten the duration of the four-month suspension of import of live poultry from the Mainland by expediting all necessary steps to find the venue to hold separately the poultry from the Mainland and from local chicken farms.

33. Mr LEUNG Che-cheung echoed the call of Mr Tommy CHEUNG that the Administration should review the statutory compensation of \$30 per bird, which was not adjusted since 1999. Mr LEUNG expressed that the price of chickens would surely go up after the expiry of the four-month suspension of trade due to lack of supply of poultry. He asked if the Administration would consider allowing the local chicken farmers to sell the live poultry directly to the customers at the retail outlets without having to go through wholesalers.

34. USFH said that she had taken note of the members' view regarding the need to review the level of statutory compensation per bird slaughtered under the PHAB Ordinance. ADAF explained that it was understood that there was value-added by the wholesalers in the supply chain of live poultry in that the wholesalers would sort chickens of different characteristics like weight

or breed, and feed them to different markets or districts. The Department also saw the need to keep the wholesale market for the trade for distribution purpose and as a checking point to monitor the spread of AI.

35. Mr Steven HO said that the recent incident had struck a serious blow to the farmers and the wholesalers because the business in December 2013 and January 2014 was low and they had high hopes of getting a better price for live poultry in the run-up to Lunar New Year. But then the closure of the wholesale market for 21 days and the suspension of trade of imported live poultry for four months hurt their business badly. He criticized that the level of both the statutory compensation and the EGP were too low to cover the relevant operators' losses.

36. Dr Helena WONG asked if there would be any spread of AI amongst the day-old chicks. In response, ADAFC said that day-old chicks imported from the Mainland came from registered farms which followed strict biosecurity and quarantine requirements. He suggested that the risks of these day-old chicks contracting AI would be rather low because they would be hatched in special rooms and then directly transported to the farms in Hong Kong, having little chance to be exposed to other chickens.

37. There being no further questions, the Chairman put the item to vote. The Chairman declared that the Committee approved the funding proposal.

Item No. 4 – FCR(2013-14)62

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

Subhead 000 Operational expenses

HEAD 170 – SOCIAL WELFARE DEPARTMENT

Subhead 179 Comprehensive social security assistance scheme

HEAD 173 – STUDENT FINANCIAL ASSISTANCE AGENCY

Subhead 228 Student financial assistance

38. The Chairman advised that the item sought the Committee's approval of a one-off increase of the voucher subsidy and fee thresholds for kindergartens under the Pre-primary Education Voucher Scheme ("PEVS"); and a one-off revision of the fee remission ceilings under the Kindergarten and Child Care Centre Fee Remission Scheme ("KCFRS") in the 2014/2015 and 2015/2016 school years.

39. The Chairman said that the Administration had consulted the Panel on Education on 27 January 2014 in respect of the proposal to provide one-off increase of voucher subsidy to alleviate the financial burden of parents in respect of kindergarten ("KG") education and to help KGs meet the expenditure and other operating costs. The Chairman reported on behalf of the Chairman of the Panel on Education that the proposal was in general supported as a short-term measure by the Panel, but members also raised concern on the insufficient support rendered to Whole-day ("WD") KG and the progress of the implementation of free KG education.

40. Mr Tommy CHEUNG Yu-yan expressed his support for the proposal, although he stated his long-time disagreement with the Administration's policy that PEVS only applied to non-profit-making KGs and a ceiling was set for KG fees. He considered that under PEVS, parents should be given the freedom to choose between private and non-profit-making KGs. He considered that the existing policy favoured Half-day ("HD") KGs because there was no difference between the level of subsidy provided to HD and that of WD KGs. He questioned if such a policy had affected adversely the quality of pre-primary education.

Free kindergarten education

41. Mr WONG Kwok-hing and Ms Starry LEE Wai-king expressed support for the proposal. Both enquired about the schedule for implementing free KG education. Mr WONG cast doubt on the policy that parents were only allowed to choose non-profit-making KGs under the PEVS. Considering that the service provided by the long WD KGs was vital for dual-income parents of the lower-income group, Ms LEE commented that the long WD KGs were not fairly treated under PEVS and they should be provided with a higher level of subsidy.

42. Secretary for Education ("SED") explained that now that PEVS had been implemented for six years, the Administration understood very well the problems faced by KGs. SED said that to address the call for early implementation of 15-year free education, the Committee on Free Kindergarten Education ("the Committee") was set up in April 2013 to make recommendations within two years on how to practicably implement free KG education. Over the past year or so, the Committee had been actively communicating with the KG sector and different stakeholders to gauge their views and conducting in-depth study on various issues relating to KG education.

43. SED added that, in the interim, there had been calls from the KG sector to introduce, before the new policy of free KG education would be implemented, short-term support measures to help the sector meet their operating costs that had been increasing in recent years, in particular in teachers' salary and rental. He understood that while KGs may increase their income to cover the expenses by adjusting their school fees, they were in general reluctant to do so in consideration of the financial burden on parents.

44. Mr TSE Wai-chuen asked if the increased subsidy was meant to enhance the quality of education or simply to relieve the increased costs, say rental, borne by KGs. Mr TSE noted that the proposed one-off adjustment on the voucher subsidy under PEVS would be increased by \$2,500 in the 2014/2015 and 2015/2016 school years, he enquired if further adjustments according to the Composite Consumer Price Index ("CCPI") would be necessary. Besides, he asked if the estimated expenditure of about \$900 million as detailed in the paper (FCR(2013-14)62) was based on rough estimate or calculated in accordance with the number of students currently receiving subsidies.

45. SED explained that KGs might increase their income by adjusting the school fees and making use of the additional income flexibly in various aspects, including retaining quality teachers. He also confirmed that there would not be any further adjustment in the 2014/2015 and 2015/2016 school years in the light of the movement in CCPI and that the increased subsidy would give parents a wider choice of KGs.

46. Mr IP Kin-yuen said that the increased voucher subsidy might not be able to benefit parents of students who did not receive fee remission under KCFRS due to their family income just exceeding the eligibility benchmarks and parents of students attending long WD KGs. Mr IP asked if the Administration would consider increasing the voucher subsidy for students of long WD KGs, and requested information on the percentage of students receiving fee remission under KCFRS.

47. Deputy Secretary for Education (3) ("DSEd") explained that currently there was a total of about 133 000 students receiving the subsidy under PEVS, amongst them about 35 000 receiving different levels of fee remission under KCFRS. DSEd added that for those students who were not receiving fee remission, they would also benefit from the increased voucher subsidy because the extent of the proposed increase was higher than the increase in CCPI. Even if the Administration would not provide such increase in the amount of subsidy, KGs might still have to raise the fees to

meet their operating costs which, in turn, would increase the financial burden on the parents.

Whole-day kindergartens

48. As for the form of subsidy to be granted to the long WD KGs, DSEd advised that the Committee had been studying the operating costs of different kinds of KGs, including long WD KGs, and the ways in which they could be assisted. While concrete recommendations had yet to be made, the proposed short-term measures were meant to provide additional resources for the KG sector as a whole in the coming two years.

49. Dr Kenneth CHAN Ka-lok expressed that the Administration must take quick actions to stop the brain-drain of teachers of WD and long WD KGs.

50. Dr Fernando CHEUNG Chiu-hung said that PEVS was unfair to WD KGs and long WD KGs because they receive the same level of subsidy as HD KGs. He stressed that the 10-hour care provided to the children would release some of the parents to earn a living. He expressed support for the proposal and suggested that, apart from the increased subsidy under PEVS, one-off subsidy could be granted to WD KGs to enhance their service. He also urged the Administration to consider including integrated education places in KGs for children with special education needs.

51. SED in response said that there had been diverse views about the objective of KG education and whether HD KGs or WD KGs could perform better to meet the objectives of KG education. As for the long WD KGs carrying out the dual functions of child care and KG education, SED said the Committee had been studying the appropriate mode of subsidy to be granted, including the offer of one-off subsidy to KGs.

52. DSEd added that a Sub-committee on Catering for Student Diversity under the Committee had been studying the issues relating to the support of children with special educational needs.

53. There being no further questions, the Chairman put the item to vote. The Chairman declared that the Committee approved the item.

54. At 5:55 pm, the Chairman announced that the meeting be adjourned and that the next meeting would be held at 6:00 pm after a short break.

55. The meeting was adjourned at 5:55 pm.

Legislative Council Secretariat

28 May 2014