

立法會
Legislative Council

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Finance Committee of the Legislative Council

Minutes of the 10th meeting
held at Conference Room 1 of the Legislative Council Complex
on Friday, 21 February 2014, at 6:00 pm

Members present:

Hon NG Leung-sing, SBS, JP (Chairman)
Hon LEE Cheuk-yan
Hon James TO Kun-sun
Hon CHAN Kam-lam, SBS, JP
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, GBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon WONG Kwok-hing, BBS, MH
Prof Hon Joseph LEE Kok-long, SBS, JP, PhD, RN
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon WONG Ting-kwong, SBS, JP
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
Hon CHEUNG Kwok-che
Hon IP Kwok-him, GBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Hon LEUNG Kwok-hung
Hon Michael TIEN Puk-sun, BBS, JP
Hon James TIEN Pei-chun, GBS, JP
Hon Frankie YICK Chi-ming
Hon YIU Si-wing

Hon MA Fung-kwok, SBS, JP
Hon Charles Peter MOK
Hon CHAN Chi-chuen
Hon CHAN Yuen-han, SBS, JP
Hon LEUNG Che-cheung, BBS, MH, JP
Hon Christopher CHEUNG Wah-fung, JP
Dr Hon Fernando CHEUNG Chiu-hung
Hon IP Kin-yuen
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:

Hon Emily LAU Wai-hing, JP (Deputy Chairman)
Hon Albert HO Chun-yan
Hon LEUNG Yiu-chung
Dr Hon LAU Wong-fat, GBM, GBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon Vincent FANG Kang, SBS, JP
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon Ronny TONG Ka-wah, SC
Hon Cyd HO Sau-lan
Dr Hon LEUNG Ka-lau
Hon WONG Kwok-kin, BBS
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 Steven HO Chun-yin
Hon WU Chi-wai, MH
Hon Gary FAN Kwok-wai
Hon CHAN Han-pan
Dr Hon Kenneth CHAN Ka-lok
Hon Kenneth LEUNG
Hon Alice MAK Mei-kuen, JP

Dr Hon KWOK Ka-ki
Hon KWOK Wai-keung
Hon Dennis KWOK
Hon SIN Chung-kai, SBS, JP
Dr Hon Helena WONG Pik-wan
Dr Hon Elizabeth QUAT, JP
Hon Christopher CHUNG Shu-kun, BBS, MH, JP

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)
Mr Donald CHEN Yee	Deputy Secretary for Labour and Welfare (Welfare) 2
Mr CHOW Wing-hang	Principal Assistant Secretary for Labour and Welfare (Welfare) 4
Mr LAM Ka-tai	Deputy Director of Social Welfare (Services)
Mr Stephen SUI Wai-keung, JP	Commissioner for Rehabilitation, Labour and Welfare Bureau
Mr FONG Kai-leung	Assistant Director of Social Welfare (Rehabilitation and Medical Social Services)
Miss Petty LAI Chun-yee	Principal Assistant Secretary for Home Affairs (Recreation and Sport)
Miss Annie TAM, JP	Permanent Secretary for Labour and Welfare
Miss SHEA Wing-man	Principal Assistant Secretary for Labour and Welfare (Welfare) 1
Mr KOK Che-leung	Assistant Director of Social Welfare (Subventions)

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

1. The Finance Committee ("the Committee") continued the deliberation on the remaining items on the agenda.

Item No. 5 – FCR(2013-14)63

HEAD 141 – GOVERNMENT SECRETARIAT :

LABOUR AND WELFARE BUREAU

Subhead 700 General non-recurrent

New Item "Injection into the Elder Academy Development Foundation"

2. The Chairman advised that the item sought the Committee's approval of the creation of a commitment of \$50 million for injection into the Elder Academy ("EA") Development Foundation to facilitate the continued development of the EA Scheme.

3. Miss CHAN Yuen-han, Chairman of the Panel on Welfare Services, reported that the Panel discussed the funding proposal at its special meeting held on 23 January 2014. Miss CHAN said that while supporting the funding proposal in principle, Panel members noted that the courses for the elderly offered in the less well-off districts were mainly concentrated on skills training, whereas courses offered in other districts were more related to development of personal pursuits. The Panel expressed concern about whether the Administration would set the direction for the design of courses and provide diversified courses in every district.

4. There being no questions from members, the Chairman put the item to vote. The Chairman declared that the Committee approved the item.

Item No. 6 – FCR(2013-14)64

HEAD 170 – SOCIAL WELFARE DEPARTMENT

Subhead 700 General non-recurrent

New Item "Injection into the Hong Kong Paralympians Fund"

5. The Chairman advised that the item sought the Committee's approval of a non-recurrent commitment of \$200 million for injection into the Hong Kong Paralympians Fund ("the Fund").

6. Miss CHAN Yuen-han, Chairman of the Panel on Welfare Services, reported that the Panel discussed the proposal on 23 January 2014. Panel members supported the proposal, but requested the Administration to consider raising the amount of subsistence grant given to athletes with disabilities to a level on a par with those given to able-bodied athletes and providing the athletes with disabilities with full-time training to develop them into professional athletes. Panel members also urged the Administration to strengthen the support given to retired athletes with disabilities in their seeking of employment or vocational training.

Discrepancy of grants between athletes with disabilities and able-bodied athletes

7. Dr Fernando CHEUNG Chiu-hung expressed dissatisfaction over the large discrepancy between the amount of subsistence grant given to athletes with disabilities and able-bodied athletes, with the latter receiving an amount 4.5 times than that given to the former. He asked the Administration to explain the rationale for such discrepancy and to narrow the gap.

8. Principal Assistant Secretary for Home Affairs (Recreation and Sport) explained that support for athletes, disabled or able-bodied alike, including the amounts of the subsistence grant, was considered on the basis of their needs. For example, the duration of their training sessions (squad members of disabled sports were usually trained for around eight hours per week, while part-time able-bodied athletes were trained for 15 hours per week) was different for the same reason. She pointed out that the Hong Kong Sports Institute provided the same technical support in the same venues to both athletes with disabilities and able-bodied athletes.

9. Dr Fernando CHEUNG Chiu-hung said that the Administration might breach the Convention on the Rights of Persons with Disabilities by granting different levels of subsistence grants to athletes with disabilities and able-bodied athletes. He urged the Administration to bridge the gap as soon as possible.

10. The Chairman requested that discussion on the policy aspects of the item should be dealt with at the relevant Panel meetings.

Past and future allocation of the Fund

11. Mr MA Fung-kwok expressed his support for the proposal. He, however, noted from the Administration's paper that in the recent three years from 2011 to 2014, the grant disbursed each year was below \$3 million. He asked how much would be spent each year under the new arrangement in future. He also asked whether or not inflation would be taken into account as he was concerned that the actual annual allocation could not catch up with the need.

12. Deputy Director of Social Welfare (Services) ("DDSW") explained that the Fund, which was administered by the Social Welfare Department ("SWD") and overseen by a Management Committee ("MC") with the assistance of a Grants Sub-committee ("GSC"), had received an injection of \$50 million in 2001.

13. DDSW explained that upon the establishment of the Fund, it was stipulated that the total annual allocation should be no more than three times the projected return for that year and a reserve of \$30 million should be maintained at all times. As a result of the economic downturn in recent years, the investment return of the Fund had decreased and the balance had been insufficient to cater for the funding need. With the support of MC, the Administration proposed to create a new commitment of \$200 million as seed money to generate additional income from investment with a view to sustaining the financial support for athletes with disabilities. If approved by the Committee and on the basis of the current investment performance, the Fund could yield an annual return of about \$5.5 million for allocation each year. DDSW said that MC would take that into account the effect of inflation in adjusting the level of annual allocation as appropriate.

14. Mr Tony TSE Wai-chuen expressed support for the funding proposal. He asked about the amounts of the allocation of the Fund in the past years and whether the Administration had any safeguards against investment risks or mismanagement.

15. DDSW explained that since 2001, a cumulative total of \$38.32 million had been disbursed for three categories of grants, namely \$21.29 million for the development of target sports, \$16.58 million for providing subsistence grants for athletes with disabilities and \$0.45 million for retired athletes with disabilities in their job attachment, employment or

vocational training. As regards the investment of the Fund, DDSW said that the return was mainly from investment in stocks, bonds and time deposits, etc.

16. In response to Mr Tony TSE's enquiry, DDSW explained that no ceiling was fixed for the amount of allocation under the three categories of grants. The amount of disbursement would depend on the number of applications made by the sporting associations. He added that MC would review the amount of subsistence grant to athletes with disabilities after the approval of the injection of \$200 million into the Fund.

Mode of funding

17. Mr IP Kin-yuen expressed support for the proposal. In respect of the mode of funding, he queried why the Administration adopted the proposed way of using investment income from a seed fund to provide funds for the annual expenditure of the Fund instead of allocating funds annually as part of the Government's recurrent expenditure. He estimated that with the Fund's annual expenditure of about \$5.5 million, the injection of \$200 million should be able to last for nearly 40 years. He queried whether SWD and MC were able to manage such a large sum of public fund.

18. DDSW replied that the mode of using investment return from a seed fund to finance specific services, had received the endorsement of the Committee in the past and had been in use for years. The proposal under discussion had been prepared in accordance with the existing practice. The Chairman advised that the policy aspects on funding should be discussed at meetings of the relevant Panel.

Amounts of disbursement

19. Mr TANG Ka-piu said that the Administration's proposal should offer a vision to the athletes with disabilities that they could become professional athletes through training and could receive a subsistence grant equivalent to that received by able-bodied athletes. He noted from the Administration's paper that, in the past five years, only in 2009-2010 could all eligible applicants received grants. For the remaining four years, the number of grants disbursed were significantly below the amount sought in the eligible applications. He considered that the situation was not satisfactory at all because some of the rejected applications had met the eligibility criteria.

20. DDSW explained that the amount of disbursement in the recent three or four years had been bound by the stipulation that the total annual allocation should be no more than three times of the projected investment

return for that year. He expected that with the proposed injection, which would bring the Fund's balance to about \$232 million, about \$5.5 million could be disbursed each year.

21. Mr YIU Si-wing urged the Administration to allocate more resources to support athletes with disabilities who had contributed to raising the reputation and international image of Hong Kong. He considered that the disbursement of about \$3 million each year was meagre. Mr YIU proposed that the Administration should strengthen the service for facilitating the employment of retired athletes with disabilities. Consideration should be given to subsidizing employers of athletes with disabilities to compensate for any discrepancy in productivity of athletes with disabilities and that of an ordinary person.

22. DDSW explained that the current provision of time-limited grant to assist retired athletes with disabilities would be \$60,000 per year for a maximum of two years. He said that this would be reviewed with a view to catering for the needs of more eligible applicants.

Number of applications for grants

23. Mr LAM Tai-fai considered that the support rendered by the Administration to athletes with disabilities and able-bodied athletes was not sufficient. He urged the Administration to extend support for them in solving personal problems in employment and studies. Mr LAM asked why in the five years from 2009 to 2014, there had been an overall drop in the number of applications, amount of grants applied in eligible applications and the grants disbursed.

24. DDSW in response said that the drop in the number of applications could be attributed to the cycle and frequency of international sports events such as the Paralympic Games and World Championships and the number of athletes with disabilities in the sports.

25. Mr MA Fung-kwok expressed concern whether the investment cycle of the Fund could tie in with the cycle of the needs of athletes with disabilities, and that the drop in the number of applications might imply that there were less outstanding athletes with disabilities in Hong Kong.

Investment of the Fund and disbursement of grants

26. Mr IP Kin-yuen noted that the terms of reference of MC and GSC did not include investment of the Fund. He asked whether any investment expert was hired to manage the investment of the Fund.

27. DDSW explained that SWD's Finance Section was responsible for the investment of the Fund, in addition to other funds which were also managed by SWD.

28. Mr LAM Tai-fai stressed that both athletes with disabilities and able-bodied athletes were in need of better support and resources. He expressed trust in the members of MC that they would have good understanding of the needs of athletes and hoped that the Administration would be flexible in disbursing funds to applicants.

29. DDSW said that upon approval of the proposal, the allocation principle would be revised to obviate the requirement to maintain a reserve of \$30 million in the Fund at all times. Thereafter, the annual allocation would be capped by the projected investment return to be generated by the principal of the Fund. With this change, there would be greater flexibility in the allocation and the support for athletes with disabilities would be enhanced.

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

Item No. 7 – FCR(2013-14)65

HEAD 184 – TRANSFERS TO FUNDS

New Subhead "Payment to the Lotteries Fund"

31. The Chairman advised that the item sought the Committee's approval of the creation of a new subhead "Payment to the Lotteries Fund" under Head 184 Transfers to Funds and a supplementary provision of \$10 billion under the new subhead to enable an injection to be made to the Lotteries Fund ("LF") to ensure that LF would have sufficient resources to implement feasible projects under the Special Scheme for Privately Owned Sites for Welfare Uses ("the Special Scheme").

32. Miss CHAN Yuen-han, Chairman of the Panel on Welfare Services, reported that the Panel discussed the proposal on 10 February 2014. Panel members supported the proposal in general. Panel members expressed concern over the possibility that non-governmental organizations ("NGOs")

might make use of the Special Scheme to expand their self-financing services instead of the much needed subvented services. The Panel therefore requested the Administration to provide details of the projects under the Special Scheme and guidelines issued by the Administration in respect of the ratio of the subvented and self-financing service places to be provided under the Special Scheme.

Requirements for granting of funds

33. Dr Fernando CHEUNG Chiu-hung expressed his support for the proposal because, with the Special Scheme, more diversified subvented and self-financing facilities could be provided through redevelopment or in-situ expansion of land owned by welfare NGOs. Dr CHEUNG requested the Administration to exercise discretion in granting public funds to ensure that NGOs would provide the subvented service places which were in great demand. He said that the NGOs concerned should also bear part of the construction cost of the redeveloped or expanded service if they would take the opportunity to expand their self-financing facilities simultaneously.

34. Permanent Secretary for Labour and Welfare ("PSLW") explained that paragraphs 4 to 6 in the supplementary paper CB(2)927/13-14(01) (issued to the Panel on Welfare Services and copied to all LegCo Members on 20 February 2014) set out clearly the established requirements pertaining to LF grants. PSLW said that for those welfare facilities proposed in the LF applications under the Special Scheme, including the subsidized and self-financing portions, NGOs had to obtain SWD's agreement to provide welfare services in demand.

Use of the requested funding

35. Mr James TIEN Pei-chun said that Members of the Liberal Party supported the proposal to enhance subvented service places for the elderly and persons with disabilities. Mr TIEN asked whether the \$10 billion or the interest generated by it would be used for the Special Scheme and for how long the \$10 billion could last. He also asked if the fund would be managed by the Lotteries Fund Advisory Committee or other investment experts. Mr James TIEN and Dr Fernando CHEUNG queried whether the Administration's move to transfer \$10 billion to the LF was a means to reduce the fiscal surplus of the year ending 31 March 2014, which was expected to be much higher than the original estimate.

36. Permanent Secretary for Financial Services and the Treasury (Treasury) explained that the proposal sought the Committee's approval to

transfer funds from one head of expenditure to another. This accounting arrangement did not by itself incur any increase or reduction in Government expenditure and would not affect the fiscal situation of the 2013-2014 Estimates.

37. PSLW explained that assuming that all proposals under the Special Scheme were technically feasible, the amount of LF allocation required would be in the order of \$20 billion. Since the actual closing balance of LF for 2012-2013 being \$10.2283 billion was not enough to support the expenditure under the Special Scheme, to ensure that the projects under the Special Scheme would be planned with a higher degree of certainty of resource availability and to avoid affecting other LF projects, the Administration proposed to arrange for the transfer of \$10 billion to LF to secure sufficient resources to implement the feasible projects under the Special Scheme and other projects within the remit of LF.

38. Mr Tony TSE Wai-chuen said that the list of 63 projects under the Special Scheme might give the construction industry the impression that the Administration intended to undertake a lot of construction works and this in turn might push up the tender prices. However, he noted that the 63 projects would be carried out in phases. He asked whether additional staff would be required to manage the allocation of the fund.

39. PSLW explained that no extra staff would be provided to Labour and Welfare Bureau ("LWB"), but the SWD would have additional staff to assess the applications made by the NGOs. The welfare sector would also need to employ more staff to handle the development projects.

40. Mr CHEUNG Kwok-che commented that the Special Scheme was an unprecedented plan undertaken by the Administration in that more than 60 pieces of land could be redeveloped or expanded to enhance welfare services to the community. As such, the Administration should closely monitor the progress of the various projects by setting up a committee to assess the demand of welfare services in the community. He urged the Administration to actively identify sites to set up welfare facilities in the Central and Western District as he noted that there was no project under the Special Scheme in the District despite the demand for welfare services there. He also asked if the \$20 billion would include the start-up fees for the NGOs in addition to the construction costs.

41. PSLW explained that the Administration had set the qualifying criteria for the Special Scheme and invited the NGOs to apply for funding. There would inevitably be variations in the applications put forward by NGOs

in different districts. However, the SWD would as appropriate consult the Elderly Commission ("EC") and the Rehabilitation Advisory Committee ("RAC") in developing the services needed in each district. The EC and RAC would consider the views of representatives from stakeholders including among others the Hong Kong Council of Social Service in formulating mid- to long-term plans of the services for the elderly and persons with disabilities, respectively.

42. Miss CHAN Yuen-han said that the Special Scheme was indeed a break-through for the Administration to have found more than 60 pieces of land from about 40 welfare NGOs which were the land owners and to have the cross-departmental cooperation to work towards the enhancement of welfare services. Miss CHAN expressed her appreciation of the prompt actions taken by the LWB and relevant departments.

Labour shortage in the welfare sector

43. Miss CHAN Yuen-han opined that at the planning stage of the redevelopment of the existing buildings of the NGOs, the Administration should consider ways to solve the labour shortage problem faced by the welfare sector such as providing child care service for staff of NGOs at their buildings. Miss CHAN said that such service could indeed help release the manpower of full-time housewives for the welfare sector and other sectors as well.

44. PSLW said that SWD would work together with the Planning Department in seeking appropriate sites to further enhance the provision of service places. She added that under the Special Scheme, Director of Social Welfare might exercise her discretion to approve the use by NGOs of a portion of the gross floor area (up to 10%) for ancillary facilities such as staff training and child care services for their staff. The Administration would also work with the NGOs concerned to consider the related provisions at the design stage.

Ratio of subvented and self-financing service places

45. Mr LEE Cheuk-yan echoed Dr Fernando CHEUNG's comments that there should be some undertaking in respect of the ratio of subvented and self-financing service places to be offered by the NGOs which participated in the Special Scheme. Mr LEE requested the Administration to ensure that the ratio should be at least 6:4 for subvented and self-financing places. He also asked if the Administration had any projection of the manpower requirement,

in particular, the paramedical staff, for providing 17 000 extra service places for the elderly and persons with disabilities.

46. PSLW said that the provision of subvented and self-financing service places under the Special Scheme would be put to EC and RAC as and when appropriate. As regards the manpower requirement, PSLW said that the Administration would follow up issues including manpower training in the welfare sector as appropriate and would make suitable arrangements to support the manpower planning.

47. Mr LEUNG Kwok-hung questioned the rationale for the ratio of 6:4 for the subvented and self-financing service places, and the reason that this could not be changed in view of the fact that many elderly people had to wait a very long time for the places in homes for the elderly. Mr LEUNG proposed that the Administration should take this opportunity to request the NGOs to increase the proportion of subvented service places under the Special Scheme to satisfy the demand.

48. DDSW explained that reference to the ratio of 6:4 was drawn from the ratio of subsidized places to self-financing places in new contract residential care homes for the elderly. Under the current system, NGOs could apply for grants from LF to meet the basic costs of works projects in connection with the welfare services provided by them, including non-recurrent commitments for constructions, fitting-out and so on and they had to be responsible for 10% of the cost on the portion of self-financing welfare services. DDSW said that the Administration would negotiate with individual NGOs to get the optimal proportions of self-financing and subsidized service places for each project.

Timing of project implementation

49. Mr WONG Kwok-hing expressed support for the proposal. He asked the Administration for the schedule of implementation of the 60 plus projects which proposed to offer an extra 17 394 service places to the elderly and persons with disabilities. He wondered if the Administration would provide any extra service places in the Central and Western District when no place would be offered in the above district under the Special Scheme.

50. PSLW said that the implementation of the proposals would depend on various factors, such as the location of the site, communal and transport facilities, requirements prescribed in the land lease conditions, restrictions stipulated in the Outline Zoning Plan, and feedback received from local consultations, etc. PSLW indicated that the projects involved in five of the

preliminary proposals could be completed by 2017-2018, barring unforeseen circumstances. The remaining 58 preliminary proposals were expected to be completed in phases after 2017-2018, depending on their technical feasibilities. As for long-term planning, EC and RAC would be consulted and would respectively take into account the provision in respect of elderly and rehabilitation services under the Special Scheme. The Administration would take necessary actions to make up the shortfall, if any.

51. Mr TAM Yiu-chung concurred with Miss CHAN Yuen-han that the Special Scheme was a break-through for the Administration because different bureaux and departments would have to work together to find land and extra resources to develop the much needed welfare services. He urged the Administration to overcome the hurdles ahead and expedite the various processes to materialize the plan to provide more than 17 000 service places as soon as possible.

Long-term plan for the rehabilitation service

52. Dr Fernando CHEUNG Chiu-hung stressed that it would be of paramount importance that more subvented places should be provided by the NGOs under the Special Scheme considering a large sum of public money being spent. Dr CHEUNG also asked if there was any long-term plan for the rehabilitation services.

53. PSLW said that the Hong Kong Rehabilitation Programme Plan was last reviewed in 2005-2007. EC had been tasked to formulate the Elderly Services Programme Plan in two years' time.

54. Mr LEUNG Kwok-hung asked for the details of the consultation carried out by SWD with NGOs. In response, DDSW said that SWD would conduct site visits to ascertain the needs and services of NGOs and to assess their performance in the provision of the relevant services. Mr LEUNG considered that the Administration should review and adjust the ratio to meet the service demand of the community.

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

56. The meeting was adjourned at 7:46 pm.