

立法會
Legislative Council

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Finance Committee of the Legislative Council

**Minutes of the 28th meeting
held at Conference Room 1 of the Legislative Council Complex
on Friday, 30 January 2015, at 3:20 pm**

Members present:

Hon Tommy CHEUNG Yu-yan, SBS, JP (Chairman)

Hon CHAN Kin-por, BBS, JP (Deputy Chairman)

Hon Albert HO Chun-yan

Hon LEE Cheuk-yan

Hon James TO Kun-sun

Hon LEUNG Yiu-chung

Hon Emily LAU Wai-hing, JP

Hon TAM Yiu-chung, GBS, JP

Hon Abraham SHEK Lai-him, GBS, JP

Hon Frederick FUNG Kin-kee, SBS, JP

Hon WONG Kwok-hing, BBS, MH

Hon Jeffrey LAM Kin-fung, GBS, JP

Hon WONG Ting-kwong, SBS, JP

Hon Ronny TONG Ka-wah, SC

Hon Cyd HO Sau-lan, JP

Hon Starry LEE Wai-king, JP

Hon CHAN Hak-kan, 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 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 James TIEN Pei-chun, GBS, JP
Hon NG Leung-sing, SBS, JP
Hon Steven HO Chun-yin
Hon Frankie YICK Chi-ming
Hon WU Chi-wai, MH
Hon Gary FAN Kwok-wai
Hon MA Fung-kwok, SBS, JP
Hon Charles Peter MOK, JP
Hon CHAN Chi-chuen
Hon CHAN Han-pan, JP
Dr Hon Kenneth CHAN Ka-lok
Hon CHAN Yuen-han, SBS, JP
Dr Hon KWOK Ka-ki
Hon Dennis KWOK
Hon Christopher CHEUNG Wah-fung, SBS, 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, SBS, JP
Hon POON Siu-ping, BBS, MH
Dr Hon CHIANG Lai-wan, JP
Ir Dr Hon LO Wai-kwok, BBS, MH, JP
Hon Christopher CHUNG Shu-kun, BBS, MH, JP
Hon Tony TSE Wai-chuen, BBS

Members absent:

Hon CHAN Kam-lam, SBS, JP
Dr Hon LAU Wong-fat, GBM, GBS, JP
Hon Vincent FANG Kang, SBS, JP
Prof Hon Joseph LEE Kok-long, SBS, JP, PhD, RN
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Dr Hon LAM Tai-fai, SBS, JP
Dr Hon LEUNG Ka-lau
Hon WONG Kwok-kin, SBS
Hon Michael TIEN Puk-sun, BBS, JP

Hon YIU Si-wing
Hon LEUNG Che-cheung, BBS, MH, JP
Hon Kenneth LEUNG
Hon Alice MAK Mei-kuen, JP
Hon KWOK Wai-keung
Hon TANG Ka-piu, JP
Hon CHUNG Kwok-pan

Public officers attending:

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)
Mrs Cherry TSE LING Kit-ching, JP	Permanent Secretary for Food and Health (Food)
Mr Christopher WONG Kwok-bun, JP	Deputy Secretary for Food and Health (Food) 1
Mr Mickey LAI Kin-ming	Assistant Director of Agriculture, Fisheries and Conservation (Fisheries)
Mr CHAN Kim-hung	Senior Fisheries Officer (Fisheries Supporting Services) Agriculture, Fisheries and Conservation Department

Clerk in attendance:

Ms Anita SIT	Assistant Secretary General 1
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Staff in attendance:

Mr Derek LO	Chief Council Secretary (1)5
Mr Daniel SIN	Senior Council Secretary (1)7
Mr Raymond SZETO	Council Secretary (1)5
Mr Frankie WOO	Senior Legislative Assistant (1)3
Ms Michelle NIEN	Legislative Assistant (1)5
Miss Yannes HO	Legislative Assistant (1)6

As the meeting started five minutes behind the appointed time, the Chairman announced that the first meeting scheduled for the day would be adjourned at 5:20 pm.

Item No. 1 – FCR(2014-15)45
LOAN FUND
HEAD 262 – PRIMARY PRODUCTS
Subhead 101 Fisheries Loans

2. The Chairman advised that the item invited the Committee's approval of increasing the approved commitment for the Fisheries Development Loan Fund ("FDLF") from \$290 million to \$1,100 million, and of setting aside around \$400 million in the loan capital for providing loans to inshore trawlers.

Assessment on the prospects of fisheries operations

3. Mr WU Chi-wai noted that the last study on fisheries development in Hong Kong was conducted in 2002. Since then the operating environment had changed drastically. Mr WU asked if the Administration had conducted up-to-date assessment on the prospects of fisheries operations in distant waters outside Hong Kong, based on which local fishermen could make an informed choice of whether or not to apply for a heavy loan under FDLF.

4. Assistant Director of Agriculture, Fisheries and Conservation (Fisheries) ("AD(Fisheries)") advised that as the 2010 Report of the Committee on Sustainable Fisheries suggested that fishing resources over the world were on the decline, it might not be feasible to promote or support Hong Kong fishing fleets operating in distant waters. He added that owners of trawler vessels applying for loans under FDLF were operating within Chinese waters where there were still viable fishing grounds, and Hong Kong fishermen were familiar with the area.

5. Mr WU Chi-wai commented that many coastal administrations had implemented measures to protect marine resources in their adjacent waters, and as a result, fisheries operations would be restricted. The Hong Kong fisheries community would be exposed to a high risk if they invested a large amount of money on new fishing vessels when the long term fisheries operations were no longer viable as a result of these restrictions. Mr WU asked if the Administration had carried out any assessment on the impact of these restrictions on the operations of the local fisheries sector.

6. AD(Fisheries) said that many Hong Kong fishermen operated in the South China Sea. While the Mainland authorities had introduced fisheries management measures which limited the number and the growth of fishing vessels, active measures were also introduced (including provision of artificial reefs) which would help improve the operating environment of the fisheries community.

7. Dr Helena WONG noted that the Administration had published a report which outlined the short, medium and long term development direction for fisheries in distant waters. She queried whether there were any changes to the Administration's policy on the fisheries sector. Deputy Secretary for Food and Health (Food) 1 explained that the Committee on Sustainable Fisheries had released a report in 2010 which recommended a number of fisheries management measures, including the ban on trawling activities in Hong Kong waters and the modes of fisheries operations in distant waters. AD(Fisheries) supplemented that the recommended measures aimed at conserving local marine environment and introducing new technologies to modernize the fisheries operations in Hong Kong.

8. Ms Cyd HO noted that the financial support under FDLF would enable some trawler owners to build new fishing vessels capable of operating in distant waters, such as the South China Sea. Noting that overfishing occurred in some 25% of the world's waters, Ms HO asked whether the marine resources in the South China Sea were already exhausted. AD(Fisheries) advised that the Mainland authorities had introduced fisheries management measures to sustain marine resources. These measures included regulating the number of fishing vessels operating in the South China Sea and the power of their engines as well as implementing fishing moratorium.

Assessment of impact of development on fisheries operations

9. Mr Dennis KWOK supported the policy intent underlining the funding proposal. He commented that the Administration was not doing enough to promote sustainable fisheries operations and to minimize damage to marine ecology due to development projects. Mr KWOK noted that the Administration had not updated the part of the Technical Memorandum of Environmental Impact Assessment ("EIA") study relating to the impact of development projects on fisheries operations since 1997. He asked whether the Administration had plans to review and improve the EIA process.

10. AD(Fisheries) said that the EIA Technical Memorandum had included the requirement to conduct baseline studies in respect of a designated development project, which would enable effective assessment to be made on the

impact on fisheries operations arising from the project. AD(Fisheries) added that the Administration had no plans to review the requirement related to fisheries operations in the Technical Memorandum.

11. Mr Dennis KWOK commented that a few years ago, the European Commission announced that environmental impact assessment studies should include evaluation of the impact of development on fisheries operations, analyses of the contribution of fisheries operations to economic sustainability as well as the societal impact of fisheries industry. Mr KWOK asked whether the Administration would adopt similar requirements in the Technical Memorandum of EIA studies. Permanent Secretary for Food and Health (Food) ("PSFH(Food)") agreed to refer Mr KWOK's comments to the Environment Bureau for consideration.

Support for carbon footprint reduction projects

12. Dr Kenneth CHAN noted that \$30 million of the proposed injection would be used to meet the demand for loans to carry out projects that would reduce the carbon footprint of fisheries operations or for the development of aquaculture business. Dr CHAN asked what criteria would be applied to determine whether a proposed project would qualify for FDLF to meet this objective.

13. AD(Fisheries) explained that applicants might seek assistance under FDLF to replace or improve the engines of their fishing vessels which would help reduce carbon footprint of fisheries operations. The FDLF Advisory Committee would examine the details of individual applications and assess how their proposals would help reduce carbon footprint of operations before granting loans.

Whether full subsidies rather than loan should be provided

14. Dr Kenneth CHAN asked if the Administration would consider granting subsidies to applicants rather than loans. PSFH(Food) said that as the applicants for FDLF would gain financially from the increased efficiency of fisheries operations through implementing the projects supported by FDLF, it would be appropriate for them to shoulder the cost involved.

15. Dr KWOK Ka-ki commented that many infrastructural projects had irrecoverably damaged the nearby marine environment and affected adversely fisheries operations in Hong Kong waters. The proposed FDLF would not be effective in helping fishermen sustain their operations. PSFH(Food) responded that it was necessary to strike a balance between development and conservation.

She said that through the EIA mechanism, mitigating measures would be identified to protect marine resources. Meanwhile, fisheries management measures and technologies were being introduced to help sustain viable fisheries operations in Hong Kong.

Scope of FDLF

16. Mr Albert HO enquired about the normal cost of a new fishing vessel capable of operating in distant waters outside Hong Kong, and whether the loan under FDLF was sufficient to cover the cost of the vessel and the associated equipment and installations. Mr HO also asked whether part of the loan could be used for crew training, and whether the new fishing vessel built or purchased with the loan would be used as a collateral for the loan.

17. AD(Fisheries) said that a new vessel cost around \$10 million, and the applicant for FDLF was expected to bear the upfront 10% of the vessel cost. As a result, the loan amount payable to each successful applicant would be up to about \$9 million. PSFH(Food) confirmed that the new vessel built or acquired using FDLF could be used as a collateral for the loan. Financial support was available under the Sustainable Fisheries Development Fund for crew training and other purposes.

Ageing problem in the fisheries industry and training of young people

18. Ms Emily LAU noted the arrangements in handling applications for loans under FDLF from aged trawler owners. She expressed concern about the ageing problem in the fisheries industry. PSFH(Food) advised that to address the concern about the age of a loan applicant, the Administration would allow the trawler owner to submit joint application with a family member who was committed to taking up the fishing operation together. AD(Fisheries) supplemented that the majority of the trawler owners were between 30 and 50 years of age and there were only less than 10 cases where the age applicants would exceed 70 at the end of their loan repayment period.

19. Responding to the issue of ageing in the fisheries sector, PSFH(Food) explained that many young people were willing to join the industry, and fisheries operations were moving from traditional family-based business towards corporatized operations. Ms Emily LAU asked how the Administration would encourage more young people to join the industry and to corporatize the industry. Dr Helena WONG asked whether the proposed FDLF would attract young people to join the fisheries sector.

20. PSFH(Food) and AD(Fisheries) advised that many young fishermen were participating in the training programmes organized by the Agriculture, Fisheries and Conservation Department. These programmes were designed to impart modern management skills in fisheries operations, such as the use of radar, etc. AD(Fisheries) added that many applicants of FDLF were aged between 30 and 40 which was a sign that many young people were interested in the industry.

21. Dr Helena WONG asked how many fishermen had participated in those training programmes and the age distribution of the participants. AD(Fisheries) said that more than 1 000 fishermen had attended these programmes.

22. The Chairman requested the Administration to provide information on the age distribution of the participants after the meeting.

23. Dr Helena WONG asked how the FDLF proposal would attract young people to join the fisheries industry. She also asked if the Administration had conducted any manpower projection for the sector. PSFH(Food) advised that FDLF was not specifically intended to encourage young people to join the fisheries industry. It was meant to enable fishermen to remain in the trade notwithstanding a change in policy and the operating environment. She added that the Sustainable Fisheries Development Fund was also available to provide support for carrying out research studies, training and development of local aquaculture to promote development of the industry.

Labour and other legal issues

24. Mr Albert HO noted that some fishermen recruited Mainland crew who boarded the fishing vessels while in Mainland waters, and some refueled their vessels from lower cost Mainland supplies. Mr HO queried whether these fisheries operators would need prior approval from the Hong Kong authorities in recruiting Mainland labour, and whether they needed to observe Mainland law. AD(Fisheries) acknowledged that many fisheries operators employed Mainland labour while operating in Chinese waters. Under such circumstances, these operators needed to observe local Mainland laws as well as fisheries management measures.

Motion to adjourn further proceedings of the Committee

25. Mr Alan LEONG said that he had queried the legal basis for the Administration's withdrawal of four agenda items which had not been dealt with and should have been carried over from the previous meetings. He had asked

for legal advice to be provided for members' reference before the Chairman accepted the Administration's arrangement. However, no advice had been provided. Mr LEONG then moved, without notice, a motion under paragraph 39 of the Finance Committee Procedure, that further proceedings of the Committee should then be adjourned.

26. The Chairman thereupon put the question on Mr Alan LEONG's motion to adjourn further proceedings of the Committee. He directed that members, when speaking on the question, could speak once for not more than three minutes.

27. At the invitation of the Chairman, Mr Alan LEONG introduced his motion. Dr KWOK Ka-ki, Mr LEE Cheuk-yan, Mr SIN Chung-kai, Mr Frederick FUNG, Mr CHEUNG Kwok-che, Ms Emily LAU, Mr Albert HO, Mr LEUNG Yiu-chung, Mr Gary FAN, Mr WU Chi-wai, Ms Cyd HO, Dr Helena WONG, Dr Fernando CHEUNG, Mr Albert CHAN and Ms Claudia MO spoke in favour of the motion. These members mainly commented on the Administration's arrangement in withdrawal of Finance Committee ("FC") agenda items to make way for priority deliberation by FC of the items on the establishment of the Innovation and Technology Bureau, and to incorporate the relevant financial proposals into the Appropriation Bill 2015 without prior consultation with and agreement of FC.

28. Mr WONG Kwok-hing, Mr Steven HO, Mr CHAN Kin-por and Mr Charles MOK spoke against the motion. In gist, these members criticized members of the pan-democrat camp for procrastinating the deliberation of the Committee. They appealed to members for early approval of the FDLF item given the urgency of the matter.

29. The Chairman declared that the meeting be adjourned and the Committee would continue with the debate on Mr Alan LEONG's motion at the next meeting after a break of 10 minutes.

30. The meeting was adjourned at 5:20 pm.

Legislative Council Secretariat
10 July 2015