

財 經 事 務 及 庫 務 局

FINANCIAL SERVICES AND  
THE TREASURY BUREAU

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19 January 2015

Hon Tommy CHEUNG Yu-yan  
Chairman  
Finance Committee  
Legislative Council Secretariat  
Legislative Council Complex  
1 Legislative Council Road  
Central, Hong Kong

Dear Chairman,

### Finance Committee Agenda Items

I write to inform you of the Government's decision regarding the outstanding items on the agenda of the Finance Committee (FC), and seek your agreement to schedule additional meeting sessions in January and February 2015.

### Withdrawal of four items

The Government has decided to withdraw the following four items, which were deferred from the 2013-14 Legislative Session, from the agenda of the Finance Committee (FC) -

Item 1	FCR(2014-15)41	Enriched IT Programme in Secondary Schools
Item 2	FCR(2014-15)42	Implementation of the Fourth Strategy on IT in Education
Item 3	FCR(2014-15)43.	Replacement of 18 police launches
Item 4	FCR(2014-15)44	Replacement of a crash fire tender



It follows that only the following three items would remain on the FC agenda for the coming meeting, in the sequence below –

Item 5	FCR(2014-15)45	Fisheries Development Loan Fund – Proposed increase in the approved commitment of the loan capital
Item 6	FCR(2014-15)36	Recommendation of the ESC made on 11 June 2014 – Proposed establishment of the Innovation and Technology Bureau
Item 7	FCR(2014-15)37	Proposed establishment of the Innovation and Technology Bureau

12 FC meetings have been held since the commencement of the current Legislative Session, involving a total of 48 hours. Of the 18 agenda items deferred from the last session, 11 items have been approved. There are only four scheduled FC meetings (23 January, 30 January, 6 February and 27 February) till the end of the 2014-15 financial year. However, **seven agenda items are pending deliberation**, including two education-related projects, two proposals for replacement of equipment for law enforcement departments, one for fisheries loan fund as well as two items related to the establishment of the Innovation and Technology Bureau.

The existing sequence of the deferred agenda items generally follows the chronological order of the dates when the items were first submitted to FC. It reflects the Government's overall priorities amongst the proposals involved up till now. With the lapse of more than three months and **only a limited number of scheduled FC meetings left before the close of the 2014-15 financial year, the Government has no choice but review how best to handle the outstanding FC items to minimize the frustration to the delivery of affected policies and measures.**

Of the remaining items, the two education-related projects and the two proposals for replacing ageing equipment have already been delayed for over half a year and are unavoidably pressed for time. Given that these proposals were each deliberated at the respective Panels and that the accounting arrangements for the creation of the respective non-recurrent commitments are relatively simple, **we will make provision for these items in the 2015-16 draft Estimates and invite the Legislative Council to consider them in the context of the 2015 Appropriation Bill to be presented under section 5 of the Public Finance Ordinance (PFO).** The Government has decided to withdraw the above four agenda items so that FC may make full use of the remaining meeting time for deliberation of the items on increasing the approved commitment for the Fisheries Development Loan Fund and the establishment of the Innovation and Technology Bureau.



The proposal to increase the commitment for the Fisheries Development Loan Fund is urgent. As set out in FCR(2014-15)45, the funding injection is time-critical. The approved commitment of the Fisheries Development Loan Fund is \$290 million. The owners of trawler vessels affected by the trawl ban have to submit loan applications on or before 31 December 2015 in order to enjoy the preferential interest arrangement. As at July 2014, the Government has received 69 applications seeking loans involving a total amount exceeding the approved commitment. The Government has no choice but to suspend the approval of loan applications. As at end December 2014, the Government has received 15 additional loan applications. If the funding injection is not approved shortly, the fisheries operators in need will be adversely affected, particularly those vessel owners and fishermen affected by the trawl ban. According to the resolution moved in LegCo for establishing the Loan Fund, this proposal has to be approved by FC and cannot be included into the 2015-16 draft Estimates.

**The two items relating to the establishment of the Innovation and Technology Bureau are the most urgent, for the following reasons –**

- (a) The proposals on the establishment of Innovation and Technology Bureau aim to **seek FC's approval for the changes to 2014-15 Estimates in accordance with section 8 of PFO**. Such changes (new expenditure heads and subheads as well as changes to financial provision and establishment ceilings) **must be discussed and approved within the 2014-15 financial year**.
- (b) **Following established practice, the directorate posts required for the establishment of Innovation and Technology Bureau should be approved by FC**. Having regard to the scope and technical complexities involved in the re-organisation of policy bureaux, **it would not be appropriate to include the proposals in the 2015-16 draft Estimates for scrutiny and approval in the context of the Appropriation Bill**.
- (c) **The required changes to the 2014-15 Estimates** (creation of new expenditure heads and subheads as well as changes to the financial provisions and establishment ceilings, etc.) **must be approved by the first half of February in order that they could be reflected in the 2015-16 draft Estimates and the 2015 Appropriation Bill**. Otherwise, they would have to be re-submitted to FC after the passage of the 2015 Appropriation Bill.



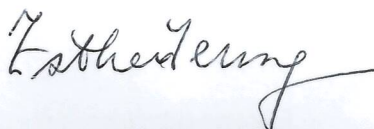
- (d) According to the relevant resolution passed in accordance with section 54A of the Interpretation and General Clauses Ordinance (Cap 1), **the transfer of statutory functions of public officers required for the establishment of the Innovation and Technology Bureau would take effect on the 14th day upon FC's approval of the respective changes to the 2014-15 Estimates.** If the two items on the establishment of Innovation and Technology bureau could not be approved before the end of the 2014-15 financial year, the relevant provision on the effective date of the resolution would lapse; the Government **would need to re-submit a resolution to LegCo.** In such a case, the establishment of the new policy bureau would be unduly delayed at least until the latter half of the year, adversely affecting the Government's drive to promote innovation and technology for Hong Kong.

#### **Request for additional meeting sessions**

To allow more time for FC to deliberate on the proposal to increase the approved commitment of the Fisheries Development Loan Fund and the two items on establishment of the Innovation and Technology Bureau before mid-February, we would most appreciate your agreement to schedule additional FC meeting sessions from January to mid-February as far as possible.

Thank you for your attention and I look forward to your favourable consideration of our above request for additional meeting sessions.

Yours sincerely,



( Ms Esther Leung )  
for Secretary for Financial Services and the Treasury