

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, 20 November 2015, at 3:00 pm

Members present:

Hon CHAN Kin-por, BBS, JP (Chairman)
Hon CHAN Kam-lam, SBS, JP (Deputy Chairman)
Hon Albert HO Chun-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 Tommy CHEUNG Yu-yan, GBS, 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 Cyd HO Sau-lan, JP
Hon Starry LEE Wai-king, JP
Dr Hon LAM Tai-fai, SBS, JP
Hon CHAN Hak-kan, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon CHEUNG Kwok-che
Hon WONG Kwok-kin, SBS
Hon IP Kwok-him, 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, BBS
Hon Frankie YICK Chi-ming, JP
Hon WU Chi-wai, MH
Hon YIU Si-wing, BBS
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
Hon CHAN Yuen-han, SBS, JP
Hon LEUNG Che-cheung, BBS, MH, JP
Hon Kenneth LEUNG
Hon Alice MAK Mei-kuen, BBS, JP
Dr Hon KWOK Ka-ki
Hon KWOK Wai-keung
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
Hon TANG Ka-piu, JP
Dr Hon CHIANG Lai-wan, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon CHUNG Kwok-pan
Hon Christopher CHUNG Shu-kun, BBS, MH, JP
Hon Tony TSE Wai-chuen, BBS

Members absent:

Hon LEE Cheuk-yan
Dr Hon LAU Wong-fat, GBM, GBS, JP
Hon Vincent FANG Kang, SBS, JP
Dr Hon LEUNG Ka-lau
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Hon Michael TIEN Puk-sun, BBS, JP
Dr Hon Kenneth CHAN Ka-lok
Hon Dennis KWOK

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)
Ms Anissa WONG Sean-yee, JP	Permanent Secretary for the Environment / Director of Environmental Protection
Mr Howard CHAN Wai-kee, JP	Deputy Director of Environmental Protection (2)
Mr Samson LAI Yiu-kei	Assistant Director of Environmental Protection (Waste Management Policy)

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 Raymond SZETO	Senior Council Secretary (1) ⁷
Mr Frankie WOO	Senior Legislative Assistant (1) ³

Ms Michelle NIEN
Miss Yannes HO

Legislative Assistant (1)5
Legislative Assistant (1)6

Action

The Chairman said that two Finance Committee ("FC") meetings were scheduled for today and there would be a ten-minute break after the first meeting was adjourned.

Progress of deliberation on items by the Finance Committee

2. On invitation by the Chairman, Secretary for Financial Services and the Treasury ("SFST") said that as there was a long list of outstanding items requiring the Committee's approval, the Government saw the need to add three more items (namely, FCR(2015-16)32, 33 and 34) to the agenda for today's meeting. SFST thanked the Chairman for his approval to waive the notice period required for including the items in the agenda. SFST said that the Government forecast that there would be a total of about 20 funding proposals (including the seven items on the current agenda) to be submitted for the Committee's consideration by the end of 2015. They included items on projects recommended by the Public Works Subcommittee ("PWSC") which required separate voting at FC, funding proposals regarding supplementary provision for the Elderly Health Care Voucher Scheme, the establishment of a \$10 billion endowment fund to the Hospital Authority for public-private partnership initiatives, as well as the establishment of a statutory independent insurance authority. In addition to the aforesaid items, the Government also foresaw the imminent need for FC to deliberate on the proposal to raise the approved project estimate for reclamation and construction works of the Hong Kong boundary crossing facilities of the Hong Kong-Zhuhai-Macau Bridge by the end of 2015.

3. SFST also said that there were five items on the recommendations of the Establishment Subcommittee ("ESC") which had been carried over from last Friday, and the Government had arranged 13 public officers to stand by in the Legislative Council Complex last Friday with a view to participating in the discussion on these items. Likewise, there were 27 public officers standing by today for the items included in the agenda.

4. SFST further said that the Government was concerned about the long outstanding list of items for consideration by FC, as well as its two subcommittees. To illustrate the slow progress of FC's deliberations, SFST said that in the last Legislative Council term, it took FC 30 meetings to consider an average of 66 proposals a year. However, since the start of the current term,

the number of FC meetings had risen from 32 in the year of 2012-13 to 74 in the year of 2014-15, but the number of items considered had dropped from 57 to 52 a year. SFST appealed to members to better utilize the meeting time and expedite the deliberation on the remaining items.

5. Mr Jeffrey LAM and Mr WONG Kwok-hing called on members not to further procrastinate deliberation of items with filibustering tactics, as some items would incur additional costs if they were not approved expeditiously.

6. Mr CHAN Chi-chuen, Dr KWOK Ka-ki and Mr LEUNG Kwok-hung said that the Administration was responsible for prolonging the Committee's deliberation on items as it had failed to address members' concerns and rearrange the agenda to advance less controversial items related to people's livelihood for deliberation. These members said that they would continue to scrutinize the upcoming items and ask questions as appropriate.

7. Ms Emily LAU expressed dissatisfaction that the Administration sought the Chairman's approval to waive the notice period to revise agenda items for today's meetings. She called on the Administration to clearly notify the Committee of the upcoming items in accordance with the notice period specified by the Finance Committee Procedure ("FC Procedure").

8. Mr IP Kwok-him said that the Administration should strive to observe the notice period requirement for agenda items as specified by the FC Procedure.

9. Ms Claudia MO expressed concern that the Committee's submission to the Administration's pressure to expedite approval of items would undermine the independence of the Legislature.

10. The Chairman said that if the progress of deliberation continued to be procrastinated, he would consult members' views on holding additional meetings to allow more time for the Committee to deal with its business.

**Item No. 1 – FCR(2015-16)32
RECOMMENDATION OF THE
PUBLIC WORKS SUBCOMMITTEE MADE
ON 28 OCTOBER 2015**

11. The Chairman said that the item sought the Committee's approval of the recommendation of the PWSC made at its meeting on 28 October 2015.

12. The Chairman put the item to vote. As members claimed a division, the Chairman ordered a division and the division bell was rung for five minutes. The Chairman announced that 42 members voted in favour of the item and two members voted against the item. The votes of individual members were as follows –

For:

Mr CHAN Kam-lam	Ms Emily LAU Wai-hing
Mr TAM Yiu-chung	Mr Abraham SHEK Lai-him
Mr Tommy CHEUNG Yu-yan	Mr WONG Kwok-hing
Prof Joseph LEE Kok-long	Mr Andrew LEUNG Kwan-yuen
Mr WONG Ting-kwong	Ms Starry LEE Wai-king
Dr LAM Tai-fai	Dr Priscilla LEUNG Mei-fun
Mr WONG Kwok-kin	Mr IP Kwok-him
Mr Paul TSE Wai-chun	Mr Alan LEONG Kah-kit
Ms Claudia MO	Mr James TIEN Pei-chun
Mr NG Leung-sing	Mr Steven HO Chun-yin
Mr Frankie YICK Chi-ming	Mr WU Chi-wai
Mr YIU Si-wing	Mr Gary FAN Kwok-wai
Mr MA Fung-kwok	Mr Charles Peter MOK
Mr CHAN Han-pan	Miss CHAN Yuen-han
Mr LEUNG Che-cheung	Miss Alice MAK Mei-kuen
Dr KWOK Ka-ki	Mr KWOK Wai-keung
Mr Christopher CHEUNG Wah-fung	Mr SIN Chung-kai
Dr Helena WONG Pik-wan	Dr Elizabeth QUAT
Mr Martin LIAO Cheung-kong	Mr POON Siu-ping
Mr TANG Ka-piu	Ir Dr LO Wai-kwok
Mr Christopher CHUNG Shu-kun	Mr Tony TSE Wai-chuen
(42 members)	

Against:

Mr LEUNG Kwok-hung	Mr CHAN Chi-chuen
(2 members)	

13. The Chairman declared that the meeting approved the item.

Item No. 2 – FCR(2015-16)31

**RECOMMENDATIONS OF THE ESTABLISHMENT
SUBCOMMITTEE MADE ON 23 AND 29 JUNE 2015**

EC(2015-16)3

Proposed creation of two supernumerary posts of one Administrative Officer Staff Grade B (D3) and one Administrative Officer Staff Grade C (D2) in the Environmental Protection Department for three years with immediate effect upon approval by the Finance Committee to lead a new Waste Management (Special Duties) Division

14. The Chairman said that the item sought the Committee's approval of the recommendations of the ESC made at the meetings on 23 and 29 June 2015. Members of ESC had requested that the items be discussed and voted on separately at FC.

15. The Chairman further said that item EC(2015-16)3 sought the Committee's approval on the proposed creation of two supernumerary posts of one Administrative Officer ("AO") Staff Grade B (D3) and one AO Staff Grade C (D2) in the Environmental Protection Department ("EPD") for three years with immediate effect to lead a new Waste Management (Special Duties) Division. The meeting had already begun deliberating the item at the previous meeting on 13 November 2015.

16. Mr CHAN Hak-kan said that justifications for the two proposed directorate posts had been deliberated at the Panel on Environmental Affairs, and there were calls for an increase in front line posts instead of the creation of two directorate posts for implementing policies on municipal solid waste ("MSW") charging. He suggested that the Administration be invited to explain the necessity of creating two directorate posts.

17. Permanent Secretary for the Environment / Director of Environmental Protection ("PS(Env)/DEP") said that MSW charging was a complex subject, and overseeing the legislative process and interdepartmental coordination among EPD, the Food and Environmental Hygiene Department ("FEHD"), the Housing Department and other relevant departments for legislating and implementing MSW charging, which had already begun, required directorate staffing. The two directorate posts would be supported by non-directorate staff from EPD and the FEHD.

Pilot scheme on MSW charging

18. Mr CHAN Chi-chuen enquired about the results of the pilot scheme on MSW charging launched by the Council for Sustainable Development ("SDC") in April 2014 for residential buildings managed by property management companies ("PMCs"). He expressed concern about the participation and recycling rates of residents living in the buildings under the scheme since many of them were not aware of the scheme.

19. Assistant Director of Environmental Protection (Waste Management Policy) said that despite the operational challenges encountered, the MSW recycling performance at these estates had improved over the course of the pilot scheme. With the experience gained and the funding acquired from the SDC, the Administration would extensively engage relevant stakeholders through public education and community involvement projects.

Audit Commission's report on the Administration's efforts in solid waste management

20. Citing the Audit Commission's findings in its Report No. 65 regarding the Government's efforts in managing MSW, Mr CHAN Chi-chuen criticized the Administration for overestimating MSW-generation quantities and recovery rate by having subsumed incorrectly an unknown amount of imported recyclables. The revelations by Audit Commission had cast grave doubts on the accuracy of the Administration's statistics and forecasts on MSW for formulating policies on MSW. He called on the Administration to disclose to the public the mechanism of calculating the two indicators and ensure that no imported recyclables would be included in their calculation. Mr LEUNG Kwok-hung and Mr Gary FAN expressed similar views.

21. PS(Env)/DEP said that MSW charging should be implemented on a "Waste Less Pay Less" basis, rather than being linked to the estimated MSW-generation quantities and recovery rate for Hong Kong. As regards these two indicators, the Administration had already explained at the Panel on Environmental Affairs that the calculation of MSW recovery rate was based on trade declaration forms submitted by exporters to the Customs and Excise Department ("C&ED") in conjunction with data collected at landfills. Anomalies were found in the trade declarations by exporters where imported recyclables were mistakenly reported as domestic export recyclables. Rectification measures had been implemented by Census and Statistics Department and C&ED to strengthen the reporting regime, through closer

liaisons with recyclers and educating them on the relevant statutory requirements, as well as surprise checks conducted by C&ED.

22. Mr Gary FAN expressed dissatisfaction that the Administration had overestimated the MSW-generation quantities purposely in order to exert pressure on this Committee to approve financial proposals for the extensions of landfills. In the light of the recent revelations by the Audit Commission that the Administration had overestimated the amount of MSW disposed at landfills, Mr FAN queried whether the Administration would revise estimates on the operating life of existing landfills and set a timetable for implementing MSW charging.

23. PS(Env)/DEP said that the Administration had planned to table the relevant legislative proposals on MSW charging at the Legislative Council by the 2016-17 legislative session and did not see the need to change the plan.

24. Deputy Director of Environmental Protection (2) ("DDEP(2)") explained that the Audit Commission did not suggest that the Administration had underestimated the operating life of landfills. Rather, the two parties had adopted different assumptions in calculating the relevant figures. The Administration had adopted prudent approach in assuming that the amount of total MSW to be disposed at landfills would increase over time due to various planning factors such as population growth, while the Audit Commission had assumed among other things that the amount of MSW would remain constant over time.

25. The Chairman said that the discussion regarding the Audit Commission's findings should be referred to the Panel on Environmental Affairs or Public Accounts Committee ("PAC"). Mr Abraham SHEK, the Chairman of PAC, expressed agreement with the Chairman.

26. At 3:37 pm, the Chairman said that he had received three motions proposed to be moved by Mr CHAN Chi-chuen under paragraph 37A of FC Procedure to express views on the item. He had ruled the motions to be in order and directed that the meeting would proceed to consider the motions upon completing the deliberation on the item.

Motion that discussion on item EC(2015-16)3 be now adjourned

27. At 3:50 pm, Mr CHAN Chi-chuen moved, under paragraph 39 of FCP, that discussion on the item EC(2015-16)3 be now adjourned.

28. The Chairman thereupon proposed the question that discussion on the item EC(2015-16)3 be now adjourned. He also directed that a member, when speaking on the question, might speak once for not more than three minutes.

29. Mr CHAN Chi-chuen introduced his motion. He criticized the Administration for misleading the Legislative Council into expediting the approval of items on extensions of landfills by fabricating the operating life of landfills based on exaggerated MSW-generation and recovery rates. He said that his criticism was supported by findings in the Report No. 65 by the Audit Commission and considered that before the Administration could correct its wrong estimations, the Committee should not approve further funding for initiatives on MSW.

30. Mr LEUNG Kwok-hung spoke in support of the motion and said that the Administration should be held accountable to the Audit Commission and the Legislative Council for such slippage.

31. On invitation by the Chairman, DDEP(2) responded that the findings of the Audit Commission merely pointed out that if different assumptions on MSW-generation quantities were adopted, the estimated operating life of landfills could be longer. The Audit Commission had not suggested that there was any fabrication of estimates on the operating life of landfills by the Administration. Moreover, the Administration had taken heed of the Audit Commission's advice that the basis and methodology of estimating the operating life of landfills should be presented clearly and succinctly to the Legislative Council.

32. Mr CHAN Chi-chuen made concluding remarks. The Chairman put the motion to vote. As members claimed a division, the Chairman ordered a division and the division bell was rung for five minutes. The Chairman announced that five members voted in favour of the motion and 27 members voted against the motion. The votes of individual members were as follows –

For:

Mr LEUNG Kwok-hung
Ms Claudia MO
Dr KWOK Ka-ki
(5 members)

Mr WONG Yuk-man
Mr CHAN Chi-chuen

Against:

Mr CHAN Kam-lam
Mr Tommy CHEUNG Yu-yan
Mr WONG Ting-kwong

Mr TAM Yiu-chung
Mr Andrew LEUNG Kwan-yuen
Ms Starry LEE Wai-king

Dr LAM Tai-fai	Mr CHAN Hak-kan
Mr WONG Kwok-kin	Mr IP Kwok-him
Mr James TIEN Pei-chun	Mr NG Leung-sing
Mr Steven HO Chun-yin	Mr Frankie YICK Chi-ming
Mr YIU Si-wing	Mr MA Fung-kwok
Mr Charles Peter MOK	Mr CHAN Han-pan
Miss CHAN Yuen-han	Miss Alice MAK Mei-kuen
Mr KWOK Wai-keung	Mr Christopher CHEUNG Wah-fung
Mr Martin LIAO Cheung-kong	Mr POON Siu-ping
Ir Dr LO Wai-kwok	Mr Christopher CHUNG Shu-kun
Mr Tony TSE Wai-chuen	
(27 members)	

33. The Chairman declared that Mr CHAN Chi-chuen's the motion was negatived.

34. The Committee resumed discussion on the item EC(2015-16)3.

35. Mr Tony TSE expressed support for the item. He said that the current item per se sought approval for provisions of additional manpower for implementing MSW charging, and should be treated separately from queries on the accuracy of the Administration's estimation on MSW-generation quantities. A lower MSW-generation rate could also be a welcoming consequence of effective MSW reduction policies. PS(Env)/DEP expressed agreement with Mr TSE's views.

36. Dr Fernando CHEUNG expressed dissatisfaction that the recent revelations in Report No. 65 by the Audit Commission, which pointed out that the Administration had been underestimating the projected operating life of landfills, had cast grave doubts on the credibility of statistics on MSW published by EPD.

37. Dr KWOK Ka-ki urged the Administration to put the current proposal to create two directorate posts for MSW charging on hold, until the PAC cleared up doubts and restored public confidence in the Administration's commitment in the reduction of MSW.

38. PS(Env)/DEP said that the Administration had prepared to implement initiatives on MSW charging after years of consultations with the relevant stakeholders. MSW charging was an important initiative and the preparation and implementation thereof warranted immediate manpower enhancement. As such, the Administration had no plans to put the current proposal on hold.

39. Mr LEUNG Kwok-hung expressed concern about the handling of MSW generated by "3-nil buildings", i.e. buildings without owners' corporations, residents' organisations or PMCs, as well as rural villages.

40. At 4:21 pm, there being no further question from members, the Chairman directed that the meeting would now proceed to deal with motions proposed to be moved by members under paragraph 37A of FC Procedure to express views on the item EC(2015-16)3.

Motions proposed by members pursuant to paragraph 37A of the Finance Committee Procedure to express views on EC(2015-16)3

41. The Chairman put to vote the questions, one by one, that the motions proposed by Mr CHAN Chi-chuen numbered 001, 003 and 004 be proceeded forthwith. As members claimed a division, the Chairman ordered a division for each of the questions put and the division bell was rung for five minutes. With the agreement of the Chairman, Mr CHAN read out each of his proposed motions during the ringing of the division bell. All the questions were negatived.

42. At 4:38 pm, Mr Albert CHAN entered the conference room and requested to speak on the item. The Chairman said that as Mr CHAN turned up for the meeting at this moment and he had not had a chance to speak on the item when it was discussed at the meeting, he allowed Mr Chan to speak on the item once for not more than five minutes.

43. Mr Albert CHAN criticized the Administration for its ineffective policies on MSW reduction, as this was confirmed by the findings regarding the Government's efforts in managing MSW in Report No. 65 of the Audit Commission. He also expressed suspicion that public funds had been channeled to some satellite organizations under the Democratic Alliance for the Betterment and Progress of Hong Kong ("DAB") in the name of promoting environmental protection.

Motion that further proceedings of the Committee be now adjourned

44. At 4:42 pm, Mr Albert CHAN moved, under paragraph 39 of FC Procedure, that further proceedings of the Committee be now adjourned.

45. The Chairman thereupon proposed the question that the meeting be now adjourned. He also directed that a member, when speaking on the question, might speak once for not more than three minutes.

46. Mr Albert CHAN introduced his motion. He called on the Administration to review its policy regime on waste reduction and to implement comprehensive policies with territory-wide coverage, such as mandatory source separation of waste.

47. Mr CHAN Chi-chuen and Mr LEUNG Kwok-hung spoke in support of the motion. Members criticized the Administration's policies on waste reduction.

48. Dr CHIANG Lai-wan spoke against the motion. She said that Mr Albert CHAN's allegations about DAB were false and unfounded. She also said that members' accusation that the Administration had been fabricating estimates on MSW-generation quantities and recycling rate was unjustified.

49. Mr Albert CHAN made concluding remarks. The Chairman put the motion to vote. As members claimed a division, the Chairman ordered a division and the division bell was rung for five minutes. The Chairman announced that four members voted in favour of the motion and 22 members voted against the motion. The votes of individual members were as follows –

For:

Mr LEUNG Kwok-hung
Ms Claudia MO
(4 members)

Mr Albert CHAN Wai-yip
Mr CHAN Chi-chuen

Against:

Mr CHAN Kam-lam
Mr Tommy CHEUNG Yu-yan
Mr WONG Ting-kwong
Mr WONG Kwok-kin
Mr NG Leung-sing
Mr Frankie YICK Chi-ming
Mr MA Fung-kwok
Mr Kenneth LEUNG
Mr Christopher CHEUNG Wah-fung
Mr POON Siu-ping
Mr Christopher CHUNG Shu-kun
(22 members)

Mr TAM Yiu-chung
Mr Andrew LEUNG Kwan-yuen
Mr CHAN Hak-kan
Mr IP Kwok-him
Mr Steven HO Chun-yin
Mr YIU Si-wing
Miss CHAN Yuen-han
Miss Alice MAK Mei-kuen
Mr Martin LIAO Cheung-kong
Ir Dr LO Wai-kwok
Mr Tony TSE Wai-chuen

50. The Chairman declared that the motion was negatived.

51. At 5:01 pm, the Chairman directed that the meeting be adjourned and the Committee would continue to discuss the item EC(2015-16)3 at the next meeting.

52. The meeting was adjourned at 5:01 pm.

Legislative Council Secretariat
15 March 2016