

立法會
Legislative Council

LC Paper No. FC329/15-16
(These minutes have been
seen by the Administration)

Ref : FC/1/1(38)

Finance Committee of the Legislative Council

Minutes of the 83rd meeting
held at Conference Room 1 of the Legislative Council Complex
on Monday, 11 July 2016, at 8:45 am

Members present:

Hon CHAN Kin-por, BBS, JP (Chairman)
Hon CHAN Kam-lam, GBS, JP (Deputy Chairman)
Hon LEE Cheuk-yan
Hon James TO Kun-sun
Hon LEUNG Yiu-chung
Hon Emily LAU Wai-hing, JP
Hon TAM Yiu-chung, GBM, GBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon Vincent FANG Kang, GBS, JP
Hon WONG Kwok-hing, BBS, MH
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, SBS, JP
Hon CHAN Hak-kan, BBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon WONG Kwok-kin, SBS, JP
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 Claudia MO

Hon James TIEN Pei-chun, GBS, JP
Hon NG Leung-sing, SBS, JP
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
Dr Hon Kenneth CHAN Ka-lok
Hon CHAN Yuen-han, SBS, JP
Hon Kenneth LEUNG
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
Hon IP Kin-yuen
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, SBS, MH, JP
Hon CHUNG Kwok-pan
Hon Christopher CHUNG Shu-kun, BBS, MH, JP
Hon Tony TSE Wai-chuen, BBS

Members absent:

Hon Albert HO Chun-yan
Dr Hon LAU Wong-fat, GBM, GBS, JP
Hon Abraham SHEK Lai-him, GBS, JP
Hon Tommy CHEUNG Yu-yan, GBS, JP
Prof Hon Joseph LEE Kok-long, SBS, JP, PhD, RN
Dr Hon LAM Tai-fai, SBS, JP
Dr Hon LEUNG Ka-lau
Hon CHEUNG Kwok-che
Hon WONG Yuk-man
Hon Michael TIEN Puk-sun, BBS, JP
Hon Steven HO Chun-yin, BBS
Hon LEUNG Che-cheung, BBS, MH, JP
Hon Alice MAK Mei-kuen, BBS, JP

Hon KWOK Wai-keung
Dr Hon Helena WONG Pik-wan
Dr Hon Elizabeth QUAT, JP
Hon TANG Ka-piu, JP
Hon Alvin YEUNG Ngok-kiu

Public officers attending:

Ms Elizabeth TSE Man-ye, 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)
Miss Annie TAM Kam-lan, JP	Permanent Secretary for Labour and Welfare
Mr Donald TONG Chi-keung, JP	Commissioner for Labour
Ms Queenie WONG Ting-chi	Assistant Commissioner for Labour (Policy Support)
Mr Patrick HO, JP	Deputy Secretary for Financial Services and the Treasury (Financial Services) 3
Mr Paul WONG	Principal Assistant Secretary for Financial Services and the Treasury (Financial Services) 6
Ms Angela LEE Chung-yan	Deputy Secretary for Home Affairs (2)
Ms Sandy CHEUNG	Principal Assistant Secretary for Home Affairs (Culture) 2
Mr LEUNG Koon-kee, JP	Director of Architectural Services
Mrs Alice YU NG Ka-chun	Project Director (3), Architectural Services Department
Mr LAM Wing-hong	Assistant Director of Food and Environmental Hygiene (Operations) 2
Mr FUNG Man-chung	Assistant Director of Social Welfare (Family and Child Welfare)
Mrs Clara LEUNG SO Yu-bik	Assistant Director of Leisure and Cultural Services (Administration)
Mr Michael CHIU Yat-on	Chief Executive Officer (Planning) 1, Leisure and Cultural Services Department

Clerk in attendance:

Ms Anita SIT

Assistant Secretary General 1

Staff in attendance:

Mr Derek LO

Chief Council Secretary (1)5

Mr Keith WONG

Council Secretary (1)5

Mr Raymond SZETO

Council Secretary (1)6

Mr Frankie WOO

Senior Legislative Assistant (1)3

Ms Michelle NIEN

Legislative Assistant (1)5

Action

Item No. 3 – FCR(2016-17)60

**RECOMMENDATION OF THE ESTABLISHMENT SUBCOMMITTEE
MADE ON 8 JUNE 2016**

EC(2016-17)9

HEAD 90 - LABOUR DEPARTMENT

Subhead 000 – Operational expenses

The Chairman advised that this item invited the Finance Committee ("FC") to approve the recommendation of the Establishment Subcommittee ("ESC") made at its meeting on 8 June 2016, i.e. the proposal in the paper EC(2016-17)9 relating to the creation of a supernumerary post of Chief Labour Officer in the Labour Department up to 31 March 2021 in order to support the Standard Working Hours Committee and follow up on the working hours policy directions and related work. FC began discussion on this item at the meeting on 8 July 2016. Since FC had not yet completed deliberation of this item, it was necessary to continue with the discussion at this meeting.

2. As Mr LEUNG Kwok-hung (who was on the speaking queue) was not present at that time and no members indicated their wishes to speak, the Chairman directed that members could deal with the four motions proposed by Mr CHAN Chi-chuen and Dr Fernando CHEUNG pursuant to paragraph 37A of the Finance Committee Procedure ("FCP").

Motions proposed to be moved by members under paragraph 37A of FCP

Motions proposed by Mr CHAN Chi-chuen

3. The Chairman put to vote the questions, one by one, that the three motions proposed by Mr CHAN Chi-chuen numbered [0001 to 0003](#) be proceeded forthwith. As requested by members, the Chairman ordered a division for each of the proposed motions, and the division bell was rung for five minutes for each division. With the agreement of the Chairman, Mr CHAN Chi-chuen read out each of his proposed motions when the division bell was ringing. The three questions were all negatived.

Motion proposed by Dr Fernando CHEUNG

4. The Chairman put to vote the question that the motion proposed by Dr Fernando CHEUNG numbered [0004](#) be proceeded forthwith. With the agreement of the Chairman, Dr Fernando CHEUNG read out his proposed motion when the division bell was ringing for five minutes. The question was negatived.

Voting on FCR(2016-17)60

5. The Chairman put the item to vote. At the request of members, the Chairman ordered a division and the division bell was rung for five minutes. The Chairman announced that 18 members voted in favour of and 10 members voted against the item. The votes of individual members were as follows –

For:

Mr CHAN Kam-lam	Mr TAM Yiu-chung
Mr Vincent FANG Kang	Mr Jeffrey LAM Kin-fung
Mr Andrew LEUNG Kwan-yuen	Mr WONG Ting-kwong
Dr Priscilla LEUNG Mei-fun	Mr IP Kwok-him
Mrs Regina IP LAU Suk-yee	Mr James TIEN Pei-chun
Mr NG Leung-sing	Mr Frankie YICK Chi-ming
Mr YIU Si-wing	Mr Gary FAN Kwok-wai
Mr MA Fung-kwok	Mr Christopher CHEUNG Wah-fung
Ir Dr LO Wai-kwok	Mr Christopher CHUNG Shu-kun
(18 members)	

Against:

Mr LEE Cheuk-yan
Ms Cyd HO Sau-lan
Mr LEUNG Kwok-hung
Mr WU Chi-wai
Dr Kenneth CHAN Ka-lok
(10 members)

Ms Emily LAU Wai-hing
Mr Alan LEONG Kah-kit
Mr Albert CHAN Wai-yip
Mr CHAN Chi-chuen
Dr Fernando CHEUNG Chiu-hung

6. The Chairman declared that FC approved the item. After the voting result was declared by the Chairman, Mr Gary FAN requested to put on record that his intention was to vote "against" instead of "in favour of" the funding proposal. The Chairman directed the Clerk to record in the minutes pursuant to Mr FAN's request.

Item No. 4 – FCR(2016-17)61

**RECOMMENDATION OF THE ESTABLISHMENT SUBCOMMITTEE
MADE ON 8 JUNE 2016**

EC(2016-17)10

**HEAD 148 – GOVERNMENT SECRETARIAT: FINANCIAL SERVICES
AND THE TREASURY BUREAU (FINANCIAL SERVICES BRANCH)
Subhead 000 – Operational expenses**

7. The Chairman advised that this item invited FC to approve the recommendation of ESC made at its meeting on 8 June 2016, i.e. the proposal in the paper EC(2016-17)10 relating to the retention of two supernumerary directorate posts for two years with effect from 1 January 2017 in the Financial Services Branch of the Financial Services and the Treasury Bureau in order to take forward legislative initiatives on auditor regulatory reform, introduce a new statutory corporate rescue procedure ("CRP"), review the Companies Ordinance (Cap. 622), as well as handle policy matters concerning financial intermediaries for money lending, etc. Some members requested that the proposal be voted on separately at the FC meeting. A supplementary information paper was provided by the Administration after the ESC meeting.

Introduction of the proposed new statutory CRP

8. Mr LEE Cheuk-yan enquired about the policy direction in relation to payment for outstanding employees' entitlements under the proposed new statutory CRP.

9. Deputy Secretary for Financial Services and the Treasury (Financial Services) 3 ("DS(FS)3") said that as reported by the Administration to the relevant Panel after the consultation exercise, the proposed new statutory CRP was supported by various sectors. Under the new procedure, a company had to settle by phases within a short time all outstanding employees' entitlements (including arrears of wages, wages for paid leave, wages in lieu of notice and severance payments etc.) which arose before the commencement of the CRP. He said that one of the principles of the proposed new statutory CRP was to ensure that employees would be given the protection that was no worse off than in the case of an immediate insolvent winding-up of the company. The Administration intended to amend the existing legislation in order to specify the steps of implementing the CRP.

Introduction of more stringent licensing conditions on money lenders

10. Mr CHAN Chi-chuen considered that there had been insufficient efforts on the part of the Administration in combating unscrupulous financial intermediaries. He pointed out that unscrupulous financial intermediaries had engaged in a series of fraudulent mortgage cases in recent years, and personal information and financial status of victims were often improperly disclosed and misused by other persons. He enquired how the holders of the proposed posts would address the problems in that regard. Dr KWOK Ka-ki was concerned about the association of some financial intermediaries with bad elements, and enquired whether it was feasible to establish a licensing and registration regime for financial intermediaries in order to regulate the operation of the industry.

11. DS(FS)3 explained that in order to combat unscrupulous financial intermediaries, the holders of the proposed posts would work closely with the Registrar of Money Lenders (which was responsible for the registration of money lenders) and the Police Force (which was responsible for law enforcement) to draw up and implement new regulatory measures relating to the money lending business. The new measures included the imposition of more stringent licensing conditions on money lenders in order to achieve a series of targets, such as prohibiting money lenders and financial intermediaries from charging borrowers any fees separately; strengthening protection of privacy; enhancing transparency and disclosure in the money lending industry; and promoting prudent money borrowing. The new licensing conditions included the following requirements: money lenders had to provide information to the Registrar of Money Lenders about the financial intermediaries appointed by them, and such information would be put on the Administration's website for public inspection; money lenders had to ensure that personal information of others used by them for business purpose was obtained lawfully; and money

lenders had to include in their advertisements a warning statement and an outline of the procedures that should be followed by money lenders in handling cases where subsidized housing flats were used as securities. He said that the Administration would seek approval from the Licensing Court for introducing more stringent licensing conditions, and it was anticipated that the new conditions would be put into force by the end of 2016.

12. DS(FS)3 further said that the Administration had no intention to establish a licensing or registration regime for financial intermediaries as this would give rise to other problems. For instance, whether licensed or registered financial intermediaries could lawfully charge fees to intending borrowers as a result of such arrangements and what constituted reasonable levels of intermediary fees. This was not in line with the Administration's existing policy objective of prohibiting financial intermediaries from charging intending borrowers intermediary fees.

Publicity and education in combating malpractices of financial intermediaries

13. Mr CHAN Chi-chuen opined that the Administration was often unable to release timely information on fraudulent practices of unscrupulous financial intermediaries, and the Administration's publicity efforts was not effective in comparison with the huge publicity campaign organized by financial intermediaries. Moreover, there were lots of misleading information contained in telephone marketing calls which promoted money lending, but the Administration still turned a blind eye to such practices. He enquired how the holders of the proposed posts would step up the efforts on publicity and public education.

14. DS(FS)3 said that the Administration had stepped up its publicity efforts starting from April 2016, including producing target-oriented leaflets to remind the public of the practices of unscrupulous financial intermediaries, and distributing such leaflets to the public through channels like banks, money lenders, non-governmental organizations, District Offices, the Buildings Department and owners' corporations. Those messages were also disseminated to the public through various means such as broadcasting Television and Radio Announcements in the Public Interest. The Police had also conducted large-scale enforcement actions and arrested over 100 unscrupulous financial intermediaries suspected of conspiracy to defraud. He said that as some offenders deceived others by posing as staff of banks, the Hong Kong Monetary Authority ("HKMA") had issued guidelines requiring that the staff of banks who promoted money lending through telephone marketing had to speak out their names and staff numbers, and members of the public could then verify identities of the callers through consulting the enquiry hotlines of respective

banks as listed on HKMA's webpage. Moreover, the proposed new licensing conditions would require money lenders to include appropriate warning statements in their advertisements.

Relation between the banks and money lending organizations

15. Mr LEUNG Kwok-hung, Mr Albert CHAN and Dr KWOK Ka-ki noted that many banks had engaged in money lending business through their subsidiary organizations. Mr Albert CHAN enquired whether the banks would be regarded as performing the role of financial intermediaries. He was worried that employees in the banking sector might promote the service of financial institutions to intending borrowers in an improper manner for the sake of keeping their jobs. Dr KWOK Ka-ki and Mr Albert CHAN opined that the Administration should review whether it was appropriate for the banking sector to refer loan applications to their subsidiary financial institutions. Dr KWOK requested the Administration to provide information on the enforcement actions against financial intermediaries which engaged in money-lending related malpractices.

[Post-meeting note: The supplementary information provided by the Administration was issued to members vide LC Paper No. FC285/15-16(01) on 29 July 2016.]

16. DS(FS)3 said that the banking sector was subject to regulation of HKMA and relevant legislation. HKMA had required all banks to cease the use of financial intermediaries for the purpose of sourcing business in retail consumer financial products or services. The banking industry and the money lending industry were two types of businesses that had different natures. With respect to the considerations for granting loans, the risk management strategies adopted by banks were different from those adopted by money lenders; and whether a bank would establish a subsidiary financial institution to conduct money lending business was an issue that might involve many other factors. However, generally speaking, all money lenders, no matter whether they were subsidiary organizations of banks or not, were subject to regulation of the Money Lenders Ordinance ("MLO"). He added that the relevant proposal drawn up by the Administration aimed to tackle the problem of financial intermediaries charging excessive fees to intending borrowers. It was already stipulated in the MLO that money lenders and their connected parties should not charge separate fees to any intending borrower, otherwise they would commit an offence. In order to combat the said crime more effectively, the Administration intended to impose more stringent licensing conditions on money lenders as mentioned above, thereby enhancing transparency in the relationship between money lenders and financial intermediaries and thus

preventing them from charging borrowers any fees on various pretexts. The new measures would also help facilitate law enforcement efforts, such as collection of evidence and prosecution of offenders. To further safeguard the interest of intending borrowers, the proposed new licensing conditions would also set out the steps to be followed by money lenders in handling cases where subsidized housing flats were used as securities. Regarding Dr KWOK's proposal to take proactive enforcement actions, DS(FS)3 said that press conference would be held each time after a large scale arrest operation was carried out by the Police, so as to explain to the public about the fraudulent techniques employed by bad elements and to demonstrate the Police's determination to continuously combat those crimes.

Regulation of debt collection agencies

17. Mr Albert CHAN expressed support for this item, and pointed out that the practices adopted by debt collection agencies, which had close relation with money lenders, created not only nuisance to members of the public, but also negative impact on the status of Hong Kong as a financial centre. Mr CHAN suggested that the Administration should strengthen regulation of financial intermediaries and debt collection agencies.

18. DS(FS)3 said that the Administration was aware of the practice of engaging debt collection agencies by money lenders and banks to collect debts. HKMA had issued guidelines to banks on debt collection and engagement of debt collection agencies. The current licensing conditions imposed on money lenders could also regulate effectively the debt collection practices.

Asian Infrastructure Investment Bank

19. Mr LEUNG Kwok-hung noted that one of the proposed posts was responsible for dealing with issues relating to Hong Kong's participation in the Asian Infrastructure Investment Bank ("AIIB"). Mr LEUNG pointed out that the share capital of AIIB was lower in comparison with those of other regional or international multilateral development banks (such as the Asian Development Bank), and it seemed that the Administration might have exaggerated the benefits brought about to Hong Kong by joining AIIB.

20. DS(FS)3 said that as AIIB and other multilateral development banks referred to by Mr LEUNG Kwok-hung had different development targets, it was unsuitable to make a comparison of these banks based on their amounts of registered share capital.

21. There being no further questions from members, the Chairman put the item to vote. The Chairman considered that the majority of members who participated in the voting voted in favour of this item, and he declared that the Committee approved the item.

Item No. 5 – FCR(2016-17)62

**RECOMMENDATION OF THE PUBLIC WORKS SUBCOMMITTEE
MADE ON 11 JUNE 2016**

PWSC(2016-17)23

HEAD 703 – BUILDINGS

Support – Others

183GK – Reprovisioning of Shanghai Street refuse collection point and street sleepers' services units to the site on Hau Cheung Street, Yau Ma Tei for the phase II development of the Yau Ma Tei Theatre project

22. The Chairman advised that this item invited FC to approve the recommendation of Public Works Subcommittee ("PWSC") made at its meeting on 11 June 2016, i.e. the proposal to upgrade 183GK (reprovisioning of Shanghai Street refuse collection point ("RCP") and street sleepers' services units ("SSSU") to the site on Hau Cheung Street, Yau Ma Tei ("YMT") for the phase II development of the Yau Ma Tei Theatre ("YMTT") project) to Category A at an estimated cost of \$230 million in money-of-the-day prices. Some members requested that the proposal be voted on separately at the FC meeting.

23. The Chairman declared that he was a paid consultant of Munich Reinsurance Company.

24. Mr IP Kwok-him said that members of the Democratic Alliance for the Betterment and Progress of Hong Kong supported this item.

Reasons for co-location of RCP and SSSU

25. Dr Fernando CHEUNG and Dr KWOK Ka-ki were of the view that the proposed co-location arrangement of RCP and SSSU demonstrated the discrimination against and labelling of street sleepers. Dr KWOK Ka-ki enquired about the supporting measures to be taken by the Administration in addition to providing overnight shelter places for street sleepers. Dr KWOK Ka-ki was concerned that there was a great demand for social welfare facilities by residents in YMT, and he considered that the site on Shanghai Street should

be better used for establishing social welfare facilities. He enquired whether the Administration had consulted the Social Welfare Department ("SWD") about the relevant demand; if it had, of the results. Dr Fernando CHEUNG pointed out that the Red Brick Building (which was a historic building) was near the present site (i.e. the site on Shanghai Street) where the two facilities were located, and a 40-storey private residential property named 8 Waterloo Road ("8 Waterloo") was built adjacent to that Building. Dr CHEUNG referred to the Administration's remark that in order to enable the proposed phase II development of YMTT to be compatible with other historic buildings in the adjoining areas, the Administration adopted the proposal of the Town Planning Board ("TPB") and imposed a maximum height restriction of six storeys to the buildings at the site on Shanghai Street. Dr CHEUNG cast serious doubts on this remark, and queried why the Administration was unable to arrange for reprovisioning of RCP and SSSU at separate locations or in-situ reprovisioning of SSSU at Shanghai Street.

26. Deputy Secretary for Home Affairs (2) ("DSHA(2)") said that according to the amended draft Outline Zoning Plan ("OZP") for YMT, the site on Shanghai Street which was proposed to be used for phase II development of YMTT project fell within the "Government, Institution or Community" zone. When determining the height restriction for that zone, TPB had taken into consideration that the zone should serve as a spatial and visual relief in a densely developed urban area, and the buildings in the zone should be visually compatible with phase I of YMTT and other historic buildings in the adjoining areas. It was specified in the draft OZP that any development or redevelopment projects within that zone had to be in compliance with the building height restriction of no more than six storeys or the height of the existing building, whichever was the greater. The present site could not accommodate both the phase II of YMTT and SSSU. Given that SSSU users mainly carried out their activities at Yau Tsim Mong District, the Administration had endeavoured to arrange for in-situ reprovisioning of SSSU. However, it was unable to identify a site for developing SSSU facilities individually. She added that ventilation system, greenery facilities and windows on two opposite sides would be installed in the dormitory of the reprovisioned SSSU in order to provide a better environment for street sleepers using the dormitory. She said that at the time when the developer took forward the 8 Waterloo project, the allowed height restriction for various types of buildings stated in the draft YMT OZP was different from that stated in the current amended draft OZP for YMT.

27. Assistant Director of Social Welfare (Family and Child Welfare) ("ADSW(FCW)") responded that SWD had established three Integrated Services Teams for Street Sleepers. These teams carried out outreaching visits to proactively approach street sleepers and provide them with possible assistance through a series of services.

Facilities of the reprovisioned SSSU

28. Dr Fernando CHEUNG noted that air conditioning ("A/C") system would not be installed in the reprovisioned SSSU. He enquired whether the social welfare organization which was responsible for operating the facility would install A/C system for its office located therein.

29. ADSW(FCW) replied that the Street Sleepers' Shelter Society Trustees Incorporated ("SSSSTI"), which was responsible for the operation of SSSU dormitory, had been providing the service on a self-financing basis and had not charged street sleepers any fees for using the service. After considering in detail the additional recurrent expenditure required, SSSSTI had no intention to provide A/C in SSSU for the time being. The office space for SSSSTI staff stationed in the dormitory would not be provided with A/C system either. DSHA(2) added that the building was designed in such a way that powering facilities (including installation of electrical trunkings and sockets) and suitable space would be provided so that SSSSTI might install A/C system when necessary in future.

Design of the refuse collection point

30. Mr CHAN Chi-chuen noted that the Administration had taken on board the views of PWSC and made numerous sensible modifications to the design of the project, including, among others, the installation of an additional roller shutter at the entrance of RCP to eliminate the odour. Mr CHAN enquired about the implication of installing an additional roller shutter on the construction cost. He urged the Administration to learn from this experience and consider in a more comprehensive way when making plans for other similar welfare facilities. Mr CHAN enquired about the Administration's reasons for allocating the proposed two additional office floors to the Leisure and Cultural Services Department ("LCSD").

31. Director of Architectural Services said that appropriate air treatment and filtering facilities would be provided in the RCP. However, in the light of the specific request made by PWSC members, the Administration was of the view that there was sufficient space at the proposed entrance of the RCP for installation of an additional roller shutter to further reduce the odour, and the extra costs required for installing the additional roller shutter would not be significant. DSHA(2) responded that the Administration had consulted relevant departments on their need for more office space, and finally decided to allocate the proposed two additional floors to LCSD.

32. At 10:45 am, the Chairman declared that the meeting be adjourned and to be continued at 10:55 am.

33. The meeting was adjourned at 10:45 am.

Legislative Council Secretariat
20 September 2016