

立法會
Legislative Council

LC Paper No. FC174/16-17

(These minutes have been
seen by the Administration)

Ref : FC/1/1(3)

Finance Committee of the Legislative Council

**Minutes of the 3rd meeting
held at Conference Room 1 of the Legislative Council Complex
on Friday, 6 January 2017, at 3:30 pm**

Members present:

Hon CHAN Kin-por, BBS, JP (Chairman)
Hon Michael TIEN Puk-sun, BBS, JP (Deputy Chairman)
Hon James TO Kun-sun
Hon LEUNG Yiu-chung
Hon Abraham SHEK Lai-him, GBS, JP
Hon Tommy CHEUNG Yu-yan, GBS, JP
Prof Hon Joseph LEE Kok-long, SBS, JP
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon WONG Ting-kwong, SBS, 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 Mrs Regina IP LAU Suk-yee, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon LEUNG Kwok-hung
Hon Claudia MO
Hon Steven HO Chun-yin, BBS
Hon Frankie YICK Chi-ming, JP
Hon WU Chi-wai, MH
Hon YIU Si-wing, BBS
Hon MA Fung-kwok, SBS, JP
Hon Charles Peter MOK, JP
Hon CHAN Chi-chuen
Hon Kenneth LEUNG

Hon Alice MAK Mei-kuen, BBS, JP
Dr Hon KWOK Ka-ki
Hon KWOK Wai-keung
Hon Dennis KWOK Wing-hang
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
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, SBS, MH, JP
Hon Alvin YEUNG
Hon Andrew WAN Siu-kin
Hon CHU Hoi-dick
Hon Jimmy NG Wing-ka, JP
Hon HO Kai-ming
Hon LAM Cheuk-ting
Hon Holden CHOW Ho-ding
Hon SHIU Ka-fai
Hon SHIU Ka-chun
Hon Wilson OR Chong-shing, MH
Hon YUNG Hoi-yan
Dr Hon Pierre CHAN
Hon CHAN Chun-ying
Hon Tanya CHAN
Hon CHEUNG Kwok-kwan, JP
Hon HUI Chi-fung
Hon LUK Chung-hung
Hon LAU Kwok-fan, MH
Hon Kenneth LAU Ip-keung, MH, JP
Dr Hon CHENG Chung-tai
Hon KWONG Chun-yu
Hon Jeremy TAM Man-ho
Hon Nathan LAW Kwun-chung
Dr Hon YIU Chung-yim
Dr Hon LAU Siu-lai

Members absent:

Hon CHAN Han-pan, JP
Hon LEUNG Che-cheung, BBS, MH, JP
Dr Hon Helena WONG Pik-wan

Hon CHUNG Kwok-pan
Dr Hon Junius HO Kwan-yiu, JP

Public officers attending:

Ms Elizabeth TSE Man-yee, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Ms Carol YUEN	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 Kevin YEUNG, JP	Under Secretary for Education
Mrs Michelle WONG, JP	Deputy Secretary for Education (3)
Mrs CHAN SIU Suk-fan	Principal Education Officer (Kindergarten Education), Education Bureau

Clerk in attendance:

Ms Anita SIT	Assistant Secretary General 1
--------------	-------------------------------

Staff in attendance:

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

Meeting arrangement

Noting that the Chairman had waived the notice period for revising the agenda and allowed the Administration to put FCR(2016-17)80, the item on the proposed adjustment to the remuneration package for politically-appointed officials ("PAOs"), at a higher place on the agenda before the meeting, Ms Claudia MO questioned if it was a decision to cooperate with the Administration's decision. In her view, the Chairman should have refused the request of the Administration and should have upheld the principle of the separation of powers under which the executive and the legislature were independent of each other.

2. The Chairman said that the Administration had written to explain the reasons for rearranging the sequence of agenda items. The Administration pointed out that FCR(2016-17)79, the first item on the original agenda, was a recommendation of the Establishment Subcommittee and, according to the procedures, it was supposed to be put to vote directly at the meeting of the Finance Committee ("FC") without separate discussion. However, some FC members requested this item be discussed separately after the agenda for the meetings of the day had been set. The Administration therefore reviewed the priorities among the agenda items and considered it necessary to propose rearranging their sequence. According to the established practice of FC, reasonable proposals from the Administration would usually be accepted by the Chairman. Owing to this principle, he decided to accept the Administration's proposal for rearranging the sequence of agenda items and waive the notice period for revising the agenda.

3. Mr CHAN Chi-chuen said that he was the member who requested the item FCR(2016-17)79 be singled out for separate discussion. He expressed dissatisfaction with the Chairman's acceptance of the Administration's proposal for rearranging the sequence of agenda items.

Item No. 1—FCR(2016-17)77

HEAD 156—GOVERNMENT SECRETARIAT : EDUCATION BUREAU

Subhead 700—General non-recurrent

New Item—"One-off start-up grant for kindergartens joining the Free Quality Kindergarten Education Scheme"

4. The Chairman reminded members that this item was about the one-off start-up grant provided under the Free Quality Kindergarten Education Scheme ("the Scheme") and had no direct relation to the policy of the Scheme or the provision of \$6.7 billion involved. He called on members to observe paragraph 43 of the Finance Committee Procedure ("FCP") and only ask questions which were directly related to the item. Wider questions of policy should be raised in the Legislative Council ("LegCo") or at an appropriate Panel.

5. Mr HUI Chi-fung raised a point of order. He held that as this item formed part of the Scheme, the Chairman should allow members to raise questions on the policy of the Scheme. Mr Andrew WAN sought the Chairman's explanation on how to determine if a policy question was directly related to the item.

6. The Chairman reiterated that, under FCP, members' questions should be directly related to the item under discussion. In respect of this item, the policy of the Scheme had no direct relation to it. Mr HUI Chi-fung and Dr LAU Siu-lai expressed doubt on the Chairman's ruling.

7. At the invitation of the Chairman, Under Secretary for Education ("US(Ed)") responded that the one-off start-up grant, which was provided to help kindergartens ("KGs") joining the Scheme ("Scheme-KGs") to make preparations, was a separate issue from the Scheme. The Administration agreed with the Chairman's ruling.

One-off start-up grant

Amount of the grant

8. Regarding the one-off start-up grant, Mr IP Kin-yuen, Mr SHIU Ka-chun and Mr Jeremy TAM were concerned that the grant amount was insufficient. Mr SHIU Ka-chun referred to the paper and indicated that taking into account the per capita grant of \$800 for each student, the financial cap of \$300,000 set for each KG could only address the funding needs of 125 students. This number was smaller than the median number

of KG students in the 2014/15 school year (i.e. 144) set out in one of the Administration's previous submissions to FC. These members hoped that the Administration could increase the grant amount and allow KGs to use the grant for their long-term development.

9. Ms Claudia MO and Mr Andrew WAN expressed support for the item but they held that the Administration would give the impression of being stingy as it had set a time restriction of three years for the use of the one-off start-up grant.

10. US(Ed) stressed that the one-off start-up grant was meant to be an additional provision to help KGs prepare for joining the Scheme. For some preparatory tasks, such as system update and revisions to accounting procedures, the expenses to be incurred might not have any direct relation to the number of students in each KG. As for the needs of KGs in long-term development and other areas, some relevant subsidies were available under the Scheme. Regarding the time frame for the use of the start-up grant, the Administration considered that it had the responsibility to ensure the prudent use of public funds. In allowing KGs to have sufficient time and flexibility to use the grant, it must also make sure the grant was used properly.

11. The Deputy Chairman noted that the Administration intended to increase the number of KG staff under the Scheme so as to reduce the teacher-pupil ratio of KGs from 1:15 to 1:11. KGs might then have to spend the one-off start-up grant on changing the size of classrooms. He worried that the grant, which was capped at \$300,000 per KG, might not be sufficient for covering the renovation costs.

12. US(Ed) clarified that the Administration had not asked KGs to change the size of their existing classrooms with regard to the teacher-pupil ratio. On the arrangements of teaching and learning activities, KGs might maintain their current practices according to their needs. The objective of improving the teacher-pupil ratio was to leave room for teachers to engage in professional development.

Basis of calculation

13. Mr CHAN Chi-chuen and Ms Tanya CHAN enquired how the Administration worked out the calculation basis of the per capita grant, which was currently set at \$800 per student.

14. US(Ed) advised that before working out the calculation basis, the Administration had considered all relevant factors in a holistic manner and communicated with different KGs to learn about their needs.

15. Mr CHAN Chi-chuen questioned the fairness of providing a per capita grant, given that small KGs with fewer students would receive less grant money than large chain KGs. Mr Jeremy TAM shared a similar concern.

16. US(Ed) advised that the amount of grant was calculated on a KG basis and the grant so provided could only be used by that particular KG. Each KG was required to submit an independent audited account and the aforesaid large chain KGs were not allowed to transfer their grants from one branch to another.

17. Noting that the one-off start-up grant was provided on both a school and a per capita basis while the subsidy under the Scheme was granted solely on a per capita basis, Mr HUI Chi-fung questioned if the difference in calculation basis would give rise to inconsistency between policies and unfairness among different types of KGs.

18. US(Ed) clarified that there were a number of subsidies and grants under the Scheme. Some of them were provided on a per capita basis whereas some were on a school basis. As for the one-off start-up grant, which could be used by KGs flexibly, the Administration saw no question of unfairness as it was not only provided on a school basis but would also increase with the number of students to cater to the needs of KGs.

19. Mr Jeremy TAM and Mr Alvin YEUNG enquired if the Administration would review in the future the need for providing this grant again. These members were concerned that KGs might not have sufficient resources to meet the recurrent expenses arising from the utilization of the one-off start-up grant. US(Ed) reiterated that the one-off start-up grant was meant to help KGs prepare for the implementation of the Scheme and was not meant to incur any recurrent expenses. Therefore, the Administration did not have any plan to conduct the said review or provide the same grant again.

The use of the grant

20. Ms Claudia MO enquired how the one-off start-up grant could support ethnic minority ("EM") students. She was concerned that the grant might not be sufficient for KGs with a considerable amount of EM students of different ethnicities.

21. US(Ed) said that the one-off start-up grant could be deployed to, inter alia, assist KGs in procuring translation services with regard to admission information and school circulars. The KGs concerned could also use the grant to provide appropriate services to non-Chinese speaking students according to their needs.

22. Mr LEUNG Kwok-hung queried that the one-off start-up grant failed to address the needs of KGs attended by students with special educational needs ("SEN") as those KGs might, for example, need to purchase additional equipment. In response, US(Ed) said that there was no direct relation between the one-off start-up grant and the Administration's support for SEN students.

23. Mr LEUNG Yiu-chung enquired about the ambit of the one-off start-up grant. US(Ed) said that the start-up grant would be provided to all Scheme-KGs, regardless of their mode of operation. However, for KGs which had not joined the Scheme, they would not be provided with the start-up grant.

24. Mr Holden CHOW urged the Administration to use this grant as an incentive to encourage KGs to turn into whole-day ("WD") or long whole-day ("LWD") operation.

25. US(Ed) reiterated that the provision of the one-off start-up grant was meant to give additional resources to KGs for them to prepare for the implementation of the Scheme instead of changing their operation modes. Nevertheless, the Administration would consider members' suggestions in its future review of the Scheme.

Administrative arrangement

26. Mr Holden CHOW and Ms Starry LEE criticized certain members for saying before the meeting that they would adopt filibuster means to keep this item from being approved in order to stall FC's deliberation on the next agenda item, i.e. FCR(2016-17)80, the item on the proposed adjustment to the remuneration package for PAOs. These members asked the Administration if it had assessed the impact of filibuster on KGs in case

this item could not be passed as scheduled, and how long it would take for the Administration to disburse the grant to KGs upon funding approval.

27. US(Ed) said that as some Scheme-KGs would start their new school term in August 2017, the preparatory time left for them was only that between then and August this year. If FC's deliberation on this item had to take a longer time, they would then have even less time for preparation. Deputy Secretary for Education (3) ("DS(Ed)3") added that the funds for the one-off start-up grant were in place. The Administration could disburse the grant upon funding approval provided that KGs had got their bank accounts ready.

28. Ms Starry LEE urged the Administration to try its best to streamline the administrative arrangement of the application for the one-off start-up grant so that KGs could make use of the grant in a flexible manner as long as the Administration's guidelines were observed.

29. US(Ed) said that the Administration would directly disburse the one-off start-up grant to Scheme-KGs without requiring them to apply for the grant.

30. Ms Tanya CHAN noted that any unexpended amount of the grant had to be clawed back to the Education Bureau by the end of the 2018/19 school year. She asked the Administration about the details of the claw back mechanism and the relevant staffing arrangement. Ms CHAN was particularly concerned about how the Administration could check if the grant was only deployed within the specified time frame.

31. US(Ed) said that the Administration would ask KGs to claw back their unexpended grant after the end of the 2018/19 school year. KGs would then have to conduct audits and submit their audited accounts to the Administration for its follow up. As for the staffing arrangement, the Administration would try its best to absorb the workload through internal deployment.

32. Mr Alvin YEUNG enquired whether the Administration would provide the one-off start-up grant to KGs which were not currently under the Scheme but wished to join it after funding approval.

33. US(Ed) said that if any KGs were interested in joining the Scheme after its implementation, they could by then refer to the experience of those under the Scheme and would have sufficient time for preparation. Therefore, the one-off start-up grant under the current proposal would not be applicable to them.

Guidelines and regulation on the use of grant

34. Mr WU Chi-wai said that as the one-off start-up grant was new to KGs, their inexperience might give rise to administrative problems in their use of grant. He enquired whether the Administration would draw up guidelines on the use of grant for KGs' reference. Ms Tanya CHAN raised a similar question.

35. Dr YIU Chung-yim expressed concern over government regulation on the use of grant and the mechanism for measuring value for money. He asked whether the Administration would set expenditure ceilings for KGs on individual items (such as website update) and regulate their procurement mechanisms.

36. US(Ed) said that Scheme-KGs must ensure prudent and proper use of public funds. In their procurement/recruitment/tendering exercises, they must comply with government requirements. They had to submit audited accounts for the Administration's review in order to ensure compliance in the use of grant. However, the Administration allowed KGs using the grant flexibly to meet their different needs and would not set expenditure ceilings on individual items. If the Administration discovered any irregularities in their procurement procedures, it would conduct investigation and take follow-up action based on the merits of each case. DS(Ed)3 added that procurement was something being done by KGs at present and the procurement requirements under the new policy would only be more stringent. The Administration would conduct briefings to introduce the relevant procurement procedures to KGs.

Admin

37. Mr KWONG Chun-yu requested the Administration to provide guidelines to KGs on the use of the start-up grant. US(Ed) said that if the funding was approved, the Administration would formulate guidelines in this respect and submit them to LegCo in a timely manner for its information.

38. Dr LAU Siu-lai remarked that individual KGs might have different operation modes and needs; some of them were even plagued by a lack of resources. She questioned why the Administration calculated the grant amounts on a uniform basis without taking account of the circumstances of individual KGs.

39. In response, US(Ed) said that individual KGs operating in different modes was a fact noted by the Administration. It had therefore communicated with different KGs to learn about their needs before working out the calculation basis of the one-off start-up grant and deciding to allow flexibility in its use based on respective needs. In the view of the Administration, KGs, regardless of their size, had to do more or less the same preparatory work to facilitate their migration to the Scheme. It was not the purpose of the one-off start-up grant to give extra support to KGs with fewer resources.

40. Mr Alvin YEUNG enquired whether the Administration had formulated any measures to prepare for the possibility that some Scheme-KGs might close down.

41. US(Ed) said that the Administration was confident about the financial stability of Scheme-KGs and would at the same time keep abreast of their service provision. Noting that any interruption to KG services would have great impact on students, the Administration would carefully examine the nature of cases revealing the operational problems of KGs (if any) and follow up accordingly.

Questions relating to the Scheme

42. The Deputy Chairman expressed his support for the Scheme but he hoped that the Administration would consider encouraging KGs to turn into WD or LWD operation. Mr CHU Hoi-dick requested the Government to confirm that its policy direction was to encourage KGs turning into WD or LWD operation. The Chairman pointed out that these questions were not directly related to the item under deliberation.

43. US(Ed) said that quality education services could be provided by both half-day ("HD") and WD KGs as long as they had good teachers and curricula. From the perspective of education policy, the Administration therefore had no reason to put special emphasis on WD and LWD KG education. Nevertheless, in order to respond to the requests of the community and the needs of working parents, the Administration would, where practicable, encourage KGs to operate WD or LWD classes.

44. Dr CHENG Chung-tai enquired how the Administration could ensure that 80% of HD KGs would be able to provide free education services under the Scheme. The Chairman pointed out that Dr CHENG's question was not directly related to the item under deliberation. He asked the Administration to reply briefly.

45. US(Ed) said that based on the preliminary budgets submitted by KGs joining the Scheme in the 2017/18 school year, the Administration projected that about 80% of HD KGs would be able to provide free education services under the Scheme.

46. Mr WU Chi-wai asked the Administration if it would formulate any curriculum guide for the Scheme.

47. US(Ed) said that the Administration was currently reviewing the Guide to the Pre-primary Curriculum, which would be issued in support of the Scheme. Scheme-KGs would have to adopt this Guide in their curriculum framework.

48. Mr LEUNG Yiu-chung questioned the Scheme for failing to benefit students currently attending free KGs and their parents. The Chairman remarked that Mr LEUNG's question was not directly related to the item.

49. US(Ed) said that the Scheme would render most of the HD services free of charge and benefit students and parents on the whole.

50. Mr Alvin YEUNG asked when the Administration would review the Scheme.

51. US(Ed) said that the Administration would only consider reviewing the Scheme a few years after its implementation when the changes brought by this new policy emerged.

52. Dr CHENG Chung-tai enquired whether the provision of the one-off start-up grant would have any implication on the remuneration structure of KG staff. Mr CHU Hoi-dick urged the Administration to implement a salary scale system for KG teachers.

53. US(Ed) said that the salary scale system for KG teachers was not related to this item. Its implementation, from a policy perspective, had to depend on various factors. In the case of primary and secondary schools, while they had a salary scale system in place, their numbers of classes and teaching establishment were subject to the annual approval of the Administration. Their mode of operation was different from that of KGs which allowed flexibility and diversity at present. The Administration therefore did not intend to implement a salary scale system for KG teachers.

54. Mr Dennis KWOK was concerned about whether SEN children could receive the necessary support. Noting that the Administration was launching the Pilot Scheme on On-site Pre-school Rehabilitation Services ("Pilot Scheme") through the Lotteries Fund, he enquired whether the Administration would take forward other relevant policies. The Chairman said that Mr KWOK's question was not directly related to this item.

55. US(Ed) advised that the Pilot Scheme, which was launched by the Social Welfare Department, fell under the purview of the Labour and Welfare Bureau. However, in order to give better care to SEN children in KGs, the Administration would consider how it could bring its efforts in line with the implementation of the Pilot Scheme when it tried to improve the teacher-pupil ratio under the Scheme.

56. At 5:32 pm, the Chairman declared that the meeting was adjourned. The meeting was adjourned at 5:32 pm.

Legislative Council Secretariat
13 June 2017