

立法會
Legislative Council

LC Paper No. FC257/16-17

(These minutes have been
seen by the Administration)

Ref : FC/1/1(5)

Finance Committee of the Legislative Council

**Minutes of the 7th meeting
held at Conference Room 1 of the Legislative Council Complex
on Friday, 20 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 LEUNG Yiu-chung
Hon Abraham SHEK Lai-him, 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 Paul TSE Wai-chun, JP
Hon LEUNG Kwok-hung
Hon Claudia MO
Hon Steven HO Chun-yin, BBS
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 LEUNG Che-cheung, BBS, MH, JP
Hon Kenneth LEUNG
Dr Hon KWOK Ka-ki
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 CHUNG Kwok-pan
Hon Alvin YEUNG
Hon Andrew WAN Siu-kin
Hon CHU Hoi-dick
Hon Jimmy NG Wing-ka, JP
Dr Hon Junius HO Kwan-yiu, JP
Hon HO Kai-ming
Hon LAM Cheuk-ting
Hon Holden CHOW Ho-ding
Hon SHIU Ka-fai
Hon YUNG Hoi-yan
Dr Hon Pierre CHAN
Hon CHAN Chun-ying
Hon Tanya CHAN
Hon HUI Chi-fung
Hon LUK Chung-hung
Hon LAU Kwok-fan, MH
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 James TO Kun-sun
Hon Tommy CHEUNG Yu-yan, GBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Hon Frankie YICK Chi-ming, JP
Hon CHAN Han-pan, JP
Hon Alice MAK Mei-kuen, BBS, JP
Hon KWOK Wai-keung
Dr Hon Helena WONG Pik-wan
Hon SHIU Ka-chun
Hon Wilson OR Chong-shing, MH

Hon CHEUNG Kwok-kwan, JP
Hon Kenneth LAU Ip-keung, MH, JP

[According to the Judgment of the Court of First Instance of the High Court on 14 July 2017, LEUNG Kwok-hung, Nathan LAW Kwun-chung, YIU Chung-yim and LAU Siu-lai have been disqualified from assuming the office of a member of the Legislative Council, and have vacated the same since 12 October 2016, and are not entitled to act as a member of the Legislative Council.]

Public officers attending:

Ms Elizabeth TSE Man-yee, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Ms Carol YUEN, 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)
Mr Raymond TAM Chi-yuen, GBS, JP	Secretary for Constitutional and Mainland Affairs
Miss Rosanna LAW Shuk-pui, JP	Deputy Secretary for Constitutional and Mainland Affairs
Mr D C CHEUNG	Principal Assistant Secretary for Constitutional and Mainland Affairs

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
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

Item No. 1—FCR(2016-17)80

HEAD 21—CHIEF EXECUTIVE'S OFFICE

HEAD 143—GOVERNMENT SECRETARIAT: CIVIL SERVICE BUREAU

HEAD 152—GOVERNMENT SECRETARIAT: COMMERCE AND ECONOMIC DEVELOPMENT BUREAU (COMMERCE, INDUSTRY AND TOURISM BRANCH)

HEAD 144—GOVERNMENT SECRETARIAT: CONSTITUTIONAL AND MAINLAND AFFAIRS BUREAU

HEAD 92—DEPARTMENT OF JUSTICE

HEAD 135—GOVERNMENT SECRETARIAT: INNOVATION AND TECHNOLOGY BUREAU

HEAD 138—GOVERNMENT SECRETARIAT: DEVELOPMENT BUREAU (PLANNING AND LANDS BRANCH)

HEAD 156—GOVERNMENT SECRETARIAT: EDUCATION BUREAU

HEAD 137—GOVERNMENT SECRETARIAT: ENVIRONMENT BUREAU

HEAD 147—GOVERNMENT SECRETARIAT: FINANCIAL SERVICES AND THE TREASURY BUREAU (THE TREASURY BRANCH)

HEAD 139—GOVERNMENT SECRETARIAT: FOOD AND HEALTH BUREAU (FOOD BRANCH)

HEAD 53—GOVERNMENT SECRETARIAT: HOME AFFAIRS BUREAU

HEAD 141—GOVERNMENT SECRETARIAT: LABOUR AND WELFARE BUREAU

HEAD 142—GOVERNMENT SECRETARIAT: OFFICES OF THE CHIEF SECRETARY FOR ADMINISTRATION AND THE FINANCIAL SECRETARY

HEAD 151—GOVERNMENT SECRETARIAT: SECURITY BUREAU

HEAD 158—GOVERNMENT SECRETARIAT: TRANSPORT AND HOUSING BUREAU (TRANSPORT BRANCH)

Subhead 000—Operational Expenses

The Chairman said that this item invited the Finance Committee ("FC") to approve the proposed increase in cash remuneration for politically-appointed officials ("PAOs") according to the cumulative change in Consumer Price Index (C) ("CPI(C)") from 2012 to 2016 with effect from 1 July 2017; and the proposed annual adjustment mechanism for the cash remuneration for PAOs in accordance with the change in the average annual CPI(C) with effect from 1 July 2018. On 19 December

2016, the Constitutional and Mainland Affairs Bureau ("CMAB") consulted the Panel on Constitutional Affairs ("CA Panel") on the relevant proposals.

2. The Chairman appealed to members to make use of their time to raise questions, and reminded members that the questions raised at FC meetings should be directly related to the content of the agenda papers. He said that members should also avoid repeating their own arguments or those of other members. Wider questions of policy should be raised at the meetings of the Legislative Council ("LegCo") or Panels.

Meeting arrangement

3. Dr Fernando CHEUNG strongly criticized the Administration for submitting this item for FC's consideration despite the fact that its proposed submission had previously been voted down by the CA Panel. He also considered the Administration as acting in contempt of the decision of LegCo, given that it had described the CA Panel's veto on its proposed submission as "mixed views" in its response to the joint letter from more than 20 pan-democratic Members requesting for withdrawal of this item.

4. Mr CHAN Chi-chuen referred to media reports alleging that the Chairman intended to "draw a line" for the discussion of this item at the meetings of the day so as to end the question session for members. He requested the Chairman to clarify on the above reports. Mr HUI Chi-fung also raised similar concern.

5. The Chairman said that he would not comment on the media reports. He reminded members of Rule 25(1)(i) of the Rules of Procedure, which provided that a Member should not ask a question whether statements in the press or of private individuals or private concerns were accurate.

6. The Chairman asked whether Mr CHU Hoi-dick would allow the Administration to use his speaking time at the meeting to respond to his written questions (LC Paper No. FC28/16-17(01)) submitted to the Administration before the meeting. Mr CHU disagreed and said that he wished to raise some other questions at the meeting. The Chairman then asked the Administration to respond to Mr CHU's written questions in writing after the meeting.

Timing for submission of the proposals

7. Dr Fernando CHEUNG and Mr KWONG Chun-yu criticized the remuneration for PAOs, even before adjustment, for being too high as it exceeded the median wage of employees in Hong Kong by more than ten folds. In view of a widening of the income gap and a lack of actual growth in the salaries for university graduates and the community at large over the years, the public would not support the remuneration adjustment proposal for PAOs. Moreover, the poor performance of some PAOs did not warrant an increase in remuneration. These members doubted the urgency of this item and urged the Administration for withdrawal so as to enable FC to first consider other agenda items.

8. Mr WU Chi-wai considered that the current political climate was not favourable for the Administration to submit its remuneration adjustment proposal for PAOs. He urged the Administration to consider submitting the proposal after the formation of the next-term Government.

9. Secretary for Constitutional and Mainland Affairs ("SCMA") said that while it was feasible to submit the remuneration adjustment proposal for PAOs after the formation of the next-term Government, the Administration held that the proposal, if approved within the current term, would facilitate the next-term Government to attract talents to join the accountability team. Furthermore, as PAOs serving in the current term might not join the next-term Government, it would be fairer and more impartial if the remuneration adjustment proposal was handled by the current Government. Dr CHIANG Lai-wan concurred with the justification provided by the Administration and criticized that it was unfair for some members to assess the remuneration for PAOs in the next-term Government based on the performance of those serving in the current term.

10. Mr CHAN Chi-chuen pointed out that the remuneration adjustment proposal for PAOs in 2012 was submitted to FC after the election of the incumbent Chief Executive ("CE"), although it was not discussed by FC subsequently. He doubted why the Administration had to change its practice and seek approval for this item in haste before the election of the next CE.

11. SCMA explained that according to the established practice, the remuneration adjustment proposal for PAOs was to be submitted before the next Government took office. Regarding the remuneration adjustment proposal for PAOs in 2012, the reason for it to be submitted to FC after the election of the incumbent CE was that the independent consultant commissioned for the review of the remuneration for PAOs had submitted its report at a time when the CE Election was about to take place. As for the proposal under this agenda item, the Administration was able to submit it before the end of the current term of the Government because the Independent Commission on Remuneration for Members of the Executive Council and the Legislature, and Officials under the Political Appointment System of the Hong Kong Special Administrative Region ("the Independent Commission") had submitted its report at an earlier time.

Adjustment mechanism

12. Mr WU Chi-wai and Dr YIU Chung-yim were of the opinions that the remuneration for PAOs should be adjusted according to their performance in order to enhance accountability to the public.

13. SCMA said that the Estimates of Expenditure, which contained the indicators for measuring the performance of bureaux in implementing policies, were submitted to LegCo and FC each year during the budgetary exercise in order to achieve accountability.

14. Dr YIU Chung-yim referred to the argument given by some academics, saying that inflation, as a policy instrument, was neither trustworthy nor reliable and could be manipulated by government policies. In his view, if the remuneration for PAOs was linked to inflation, government officials would be driven to introduce policies and increase money supply to stimulate inflation for their own benefit. Therefore, it was not appropriate to link the remuneration for PAOs to the change in CPI(C).

15. Deputy Secretary for Constitutional and Mainland Affairs said that the Administration had studied the argument referred to by Dr YIU in detail and noted that an increase in money supply had long been a policy instrument for pushing up the inflation. However, as Hong Kong had adopted the Linked Exchange Rate System and the Currency Board System, which required any change in the monetary base to be matched by a corresponding change in foreign currency reserves in a specified foreign currency at a fixed exchange rate, money supply was not controllable by PAOs. Dr YIU's viewpoint therefore did not apply to Hong Kong.

Moreover, in the case of the United States ("US"), although its money supply had been boosted significantly by the on-going quantitative easing measures implemented after the financial tsunami in 2008, its inflation rate had remained low for a long period of time. This showed that an increase in money supply might not necessarily have any substantial effect on inflation.

Benchmark for remuneration adjustment

16. Dr CHENG Chung-tai pointed out that according to the Administration's calculation, the cumulative growth in Gross Domestic Product ("GDP") between 2002 and 2015 amounted to 68.5% in real terms. He enquired how the Administration arrived at the proposed increase of 12.4% in the remuneration for PAOs.

17. SCMA said that when considering the percentage of remuneration adjustment, the Independent Commission had made reference to various economic performance indicators, including GDP in real terms (with cumulative growth amounting to 71% since 2002, and about 10% since 2012) and CPI(C) (with cumulative growth amounting to 34.7% since 2002, and about 12.4% since 2012). The Independent Commission considered that the adoption of CPI(C) as a benchmark for adjusting remuneration was an objective and transparent approach, and such an arrangement was reasonable in that it was in line with the mechanism having been used to determine the remuneration for LegCo Members, who were also public officers. The Independent Commission also understood that if the remuneration adjustment for PAOs was proposed based on the cumulative growth of CPI(C) since 2002 (i.e. 34.7%), it might not be accepted by LegCo Members and the public. Moreover, when the Government submitted the remuneration adjustment proposal for PAOs to LegCo in 2012, it had proposed the adjustment be made in accordance with the change in the average annual CPI(C). If such proposal had been approved at that time, the increase rate suggested in the current proposals would also have been 12.4%. Therefore, the Independent Commission suggested adopting the cumulative growth of 12.4% since 2012 as the percentage for adjusting the remuneration for PAOs.

18. Dr CHENG Chung-tai queried that it was inappropriate to use the mechanism for adjusting the remuneration for LegCo Members as a comparable mechanism for PAOs. He pointed out that LegCo Members were accountable to voters and might also run the risk of being disqualified. Nevertheless, there was no mechanism to oblige PAOs to be accountable to the public.

19. Mr LEUNG Che-cheung expressed support for the item. He agreed with the Administration that it was undesirable to reject the remuneration adjustment proposal for PAOs as the remuneration for PAOs would then be lower than that for their subordinates in the civil service. He criticized the opposition camp for hindering the passage of this item by filibustering under different pretexts with an intent to overturn the Accountability System for Principal Officials.

20. Dr LAU Siu-lai said that it was not uncommon for the appointed officials to be remunerated at a lower rate than their civil servant subordinates. For instance, the remuneration for Ms Janet L. YELLEN, Chair of the Board of Governors of the Federal Reserve System of US, was also lower than that for many of her subordinates. Moreover, the cash remuneration for Mr XI Jinping, President of the People's Republic of China ("PRC"), was only about RMB 14,000. She asked whether PAOs of the Hong Kong Special Administrative Region, being subordinates of the President of PRC, should be paid at a lower level than the President.

21. Dr CHIANG Lai-wan said that if the question raised by Dr LAU was logical, the cash remuneration for LegCo Members should also be lower than RMB 14,000, i.e. the salary for the President of PRC.

22. SCMA said that the current remuneration level for PAOs was determined in accordance with the established system, and it was inappropriate to make direct comparison with the practices of other places. Given that the principle of "One Country, Two Systems" was adopted in Hong Kong, and the requirements in relation to the pay, allowances, benefits and conditions of service for public servants were stipulated in the Basic Law, it was not appropriate to benchmark the cash remuneration for PAOs against that of a state leader. When the remuneration level for PAOs was first determined in 2002, the Administration had taken the cash remuneration for civil servants at the rank of Director of Bureau ("DoB") (retitled as "Permanent Secretary" upon the implementation of the Political Accountability System) as the benchmark for evaluating the total weighted average cost (plus the quantified fringe benefits) of the remuneration for PAOs. However, the remuneration for PAOs had never been increased since 2002, compared with the increase of 46.25% in the cash remuneration for Permanent Secretaries. The Administration therefore put forward the current proposals with an aim to adjusting the cash remuneration for PAOs in line with the movement of inflation so as to reduce the gap between PAOs and Permanent Secretaries in terms of remuneration adjustment.

23. Mr CHAN Chi-chuen said that although there had not been any increase in the remuneration for DoBs since 2002, the Political Appointment System was indeed expanding and the posts of Under Secretaries and Political Assistants had been created to support DoBs in executing their duties.

Attracting talents

24. Mr Jimmy NG questioned why the proposals for remuneration adjustment and establishment of related mechanism had not been submitted until the Political Appointment System had been implemented for more than 14 years. It was undesirable for the remuneration for PAOs to have been frozen for so long.

25. SCMA responded that it was true that the Administration had not established a remuneration adjustment mechanism for PAOs so far. Therefore, the Administration wished to address this issue before it was not too late and submitted the current proposals to establish a mechanism for adjusting the remuneration for PAOs in accordance with the change in CPI(C) so as to maintain the attractiveness of PAO posts to suitable talents from various fields, including the serving civil servants. In fact, the Administration had submitted the remuneration adjustment proposal in 2012 but it was shelved as a result of the slow progress of FC's deliberation.

26. Mr LEUNG Yiu-chung held the view that as PAOs would join the Government as members of the governing team, the likely PAOs should have the aspiration to serve the community, and remuneration adjustment should not be their major concern. He enquired whether the Administration was aware of any case in which remuneration was the factor that caused a potential PAO to have hesitation in joining the governing team.

27. SCMA said that he had participated in the appointment of PAOs when he previously served as the Director of the CE's Office. He noted that some young and aspiring Administrative Officers were reluctant to consider positively the possibility of leaving the civil service and becoming PAOs due to financial considerations of their families. Therefore, if the remuneration for PAOs could not be adjusted on par with the inflation rate in the same way as that for LegCo Members, PAO posts would further lose attractiveness to directorate civil servants.

Remuneration adjustment for the Chief Executive

28. Mr CHAN Chi-chuen pointed out that since 1 July 2007, the cash remuneration for CE had been linked to the remuneration for the Chief Secretary for Administration ("CS") and was pegged at 112.5% of the latter. Hence, the cash remuneration for CE would be increased accordingly in light of the passage of this item. He queried why the current proposals, unlike those submitted in 2012, did not mention the aforesaid pegged system.

29. In response, SCMA pointed out that the review of the cash remuneration for CE did not fall within the ambit of the review conducted by the Independent Commission in relation to the proposals under this item. On the other hand, the mechanism which pegged the cash remuneration for CE at 112.5% of that for CS had been approved by FC in 2005. As there was no need to seek FC's approval afresh for this mechanism, the Administration had not provided this piece of information in the paper setting out the current proposals. If this item was approved, it was true that the cash remuneration for CE would be adjusted upwards according to the adjustment mechanism mentioned above.

Salaries for civil servants

30. Mr CHU Hoi-dick made the criticism that the salary for civil servants at senior ranks was much higher than that earned by civil servants at junior ranks and the Government's outsourced workers, giving rise to wealth inequality. He enquired how many times the remuneration for CE exceeded the salary for the lowest-paid Government's outsourced workers.

31. SCMA said that this member's question and issues on the civil service pay mechanism were not related to this item as this mechanism was not under the purview of CMAB. He noted that members supported the proposals for civil service pay adjustment year after year after their submission to FC for consideration.

Progress of deliberation

32. At 4:24 pm, the Chairman reminded members that there had been repetitions in the speeches of a number of members. In relation to the major viewpoints concerning this item, members had spoken 12 times on the poor performance of individual officials and nine times that PAOs' remuneration did not commensurate with their performance. He was

concerned about the slow progress of the deliberation of the Public Works Subcommittee and the Establishment Subcommittee as many of their items could not be submitted to FC for consideration.

Order at meeting

33. Dr CHIANG Lai-wan criticized a number of members for filibustering and obstructing the voting process. She said that LegCo Members who were absent from the meetings should suffer a pay cut.

34. At 4:29 pm, Mr HUI Chi-fung spoke and quoted the comments on the internet which described Dr CHIANG Lai-wan's behaviour and conduct in the Council as "潑婦罵街式的議政" ("deliberating politics like a shrew hurling abuse on the street"). Dr CHIANG Lai-wan raised a point of order and requested the Chairman to rule "潑婦罵街" ("a shrew hurling abuse on the street") as insulting language. The Chairman ruled that "潑婦罵街" ("a shrew hurling abuse on the street") was insulting language and requested Mr HUI to withdraw his remark. Mr HUI Chi-fung refused and spoke of "潑婦罵街式的議政" ("deliberating politics like a shrew hurling abuse on the street") repeatedly. The Chairman warned Mr HUI not to use the expression "潑婦罵街" ("a shrew hurling abuse on the street") to describe other members.

35. At 4:30 pm, Mr Andrew WAN raised a point of order and said that Dr CHIANG Lai-wan seemed to have mentioned the mothers of some pan-democratic members in her speech, making him feel insulted. He requested the Chairman to make a ruling on this matter. At the request of the Chairman, Dr CHIANG Lai-wan clarified that her speech was not targeted at individual members. She quoted the comments on the internet that Dr Helena WONG was "潑婦罵街" ("a shrew hurling abuse on the street") when presenting her political views.

36. Mr KWONG Chun-yu and Mr LAM Cheuk-ting raised a point of order immediately and requested the Chairman to make a ruling on her remark. The Chairman said that since he had ruled the expression of "潑婦罵街" ("a shrew hurling abuse on the street") as extremely insulting to other members, he requested all members not to use it again. However, as Dr CHIANG Lai-wan had left the conference room after speaking, he would not make a follow-up ruling.

37. Mr HUI Chi-fung refused to withdraw his remark of "潑婦罵街式的議政" ("deliberating politics like a shrew hurling abuse on the street"), and used this expression to describe Dr CHIANG Lai-wan again. After repeated warnings by the Chairman, Mr HUI still refused to withdraw his remark and repeated this expression over and over again. The Chairman then ruled that Mr HUI Chi-fung's conduct was grossly disorderly and ordered him to leave the conference room. Mr HUI refused to leave. The Chairman instructed the Clerk to enforce his order and declared that the meeting be suspended.

38. The meeting was suspended at 4:34 pm and resumed at 5:04 pm.

39. The Chairman said that he had reviewed the video record of the meeting together with the staff of the Secretariat, Legal Adviser and other members. He reiterated that he had ruled the expression of "潑婦罵街" ("a shrew hurling abuse on the street") as insulting and unparliamentary, and both Dr CHIANG Lai-wan and Mr HUI Chi-fung should not have used this expression. However, Dr CHIANG Lai-wan was not present. On the other hand, after repeated warnings, Mr HUI Chi-fung still refused to withdraw his remark of "潑婦罵街式的議政" ("deliberating politics like a shrew hurling abuse on the street"). Therefore, the Chairman ruled that the conduct of Mr HUI Chi-fung was grossly disorderly.

40. Mr HUI Chi-fung, who still refused to leave the conference room, made his protest at the meeting. He said that he would not comply with the Chairman's order to leave the conference room until the Chairman ruled that the speech of Dr CHIANG Lai-wan was out of order.

41. Miss Tanya CHAN requested the Chairman to rule on Dr CHIANG Lai-wan's remark of "潑婦罵街" ("a shrew hurling abuse on the street") which was targeted at Dr Helena WONG. Mr LEUNG Kwok-hung considered that the expression of "潑婦罵街" ("a shrew hurling abuse on the street") was an idiom and should not fall under the scope of unparliamentary language.

42. The Chairman reiterated that he had ruled the expression of "潑婦罵街" ("a shrew hurling abuse on the street") as unparliamentary and it should not be used by any members, including Dr CHIANG Lai-wan. He urged other pan-democratic members not to obstruct the staff of the Secretariat in the enforcement of his order of removing Mr HUI Chi-fung from the conference room. Ms Starry LEE expressed support for the Chairman's ruling and criticized Mr HUI Chi-fung's refusal to comply with

the Chairman's withdrawal order as an out-of-order behaviour which upset the order of the Council.

43. The Chairman declared that the meeting was adjourned at 5:13 pm.

44. The meeting was adjourned at 5:13 pm.

Legislative Council Secretariat
25 August 2017