

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, 10 February 2017, at 5:10 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
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 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 CHAN Han-pan, JP
Hon LEUNG Che-cheung, BBS, MH, JP
Hon Kenneth LEUNG

Hon Alice MAK Mei-kuen, BBS, JP
Hon KWOK Wai-keung
Hon Dennis KWOK Wing-hang
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
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
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
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
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 Tommy CHEUNG Yu-yan, GBS, JP
Hon Frankie YICK Chi-ming, JP
Dr Hon KWOK Ka-ki

Dr Hon Junius HO Kwan-yiu, 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
Miss Queenie LAM	Senior Legislative Assistant (1) ²
Mr Frankie WOO	Senior Legislative Assistant (1) ³
Ms Michelle NIEN	Legislative Assistant (1) ⁵

Action

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

At 5:11 pm, the Finance Committee ("FC") continued with the deliberation of the agenda item FCR(2016-17)80.

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2. Ms Tanya CHAN said that she had not yet spoken on this agenda item. She did not understand the Chairman's decision under which each member was allowed to have a last-round speaking for three minutes only. She also requested the Chairman to give justifications for his remarks about members having to explain why they had not spoken at previous FC meetings on this agenda item. Dr Fernando CHEUNG pointed out that in accordance with Rule 45(1) of the Rules of Procedure ("RoP"), the Chairman might direct a Member to discontinue his speech only if he persisted in "tedious" repetition of his own or other Members' arguments in a debate. Dr CHEUNG held that the Chairman should not instruct individual members to refrain from repeating their own or other members' arguments solely on grounds of overlaps between their speeches and those of other members.

3. Ms Starry LEE pointed out that some members, while alleging that they were not given sufficient time to ask questions, moved motions for the adjournment of further proceedings of FC from time to time. She urged the Chairman to expeditiously proceed to the handling of motions proposed by members under paragraph 37A of the Finance Committee Procedure ("FCP") ("37A motions") after members had raised the final round of questions in which each member was allowed three minutes to raise questions.

4. The Chairman said that according to RoP, his decision on a point of order should be final. At 6:15 pm, the Chairman called on members intending to propose 37A motions to submit such motions as early as possible, so that he might, with the assistance of the Secretariat, consider such motions and make rulings on them.

Other pay adjustment proposals for politically-appointed officials

5. Ms Starry LEE pointed out to the Secretary for Constitutional and Mainland Affairs ("SCMA") that the proposals aimed to "adjust" instead of "increase" the remuneration for politically-appointed officials ("PAOs") in line with movements of inflation. She hoped that the Administration could be clear in its wording so that members of the public could understand the real meaning behind the proposals. Dr Priscilla LEUNG said that staff members in public organizations were subject to pay freeze in the past. However, it was rare to have back payments several years later to make up for the remuneration that had lagged behind. In general, public organizations would make reference to the rate of salary rise on the market, and adjust the remuneration of their staff for the coming year. Dr LEUNG asked whether it was necessary for the Administration to offer a one-off pay increase for PAOs by 12.4%.

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6. SCMA reiterated that the Administration recommended two adjustments in the proposals. The first was that the Administration made reference to the cumulative change in Consumer Price Index (C) ("CPI(C)") from 2012 to 2016, including the actual increase in CPI(C) for 2016 published by the Census and Statistics Department on 23 January 2017, and proposed to increase the cash remuneration for PAOs by 12% with effect from 1 July 2017. He pointed out that the inflation rate for the period from 2002 to 2011 had not been taken into account. The second proposal was that the cash remuneration for PAOs be adjusted on an annual basis in accordance with the change in the average annual CPI(C) with effect from 1 July 2018.

7. Mr SHIU Ka-chun suggested that the Administration might handle issues relating to the remuneration for PAOs by way of the "lump sum grant" approach. Mr SHIU considered that a "lump sum grant" approach allowed policy bureaux to allocate resources on their own and adjust the remuneration for individual PAOs according to their performance. Moreover, a "cap" on the remuneration for PAOs could be imposed. He suggested that the Administration might implement the "lump sum grant" proposal on a trial basis for two years and conduct a review after the trial. SCMA explained that 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") put forward the current pay adjustment proposals based on the review of the remuneration mechanism for PAOs approved by the Legislative Council ("LegCo") in 2002. This was, in essence, different from Mr SHIU Ka-chun's proposal. However, the concept of "lump sum grant" proposed by Mr SHIU was very similar to the Administration's mechanism of "operating expenditure envelopes" adopted in recent years for allocating financial resources. Under the "envelope" mechanism, the Administration allocated the required resources to policy bureaux on an annual basis. The bureaux might then deploy the resources on their own to pursue their work objectives so that resources could be used flexibly while work objectives could be achieved.

Motion for the adjournment of further proceedings of FC

8. Ms Claudia MO moved a motion under FCP39 that further proceedings of FC be adjourned. The Chairman proposed the question on the motion to adjourn further proceedings of FC. He said that each member, when speaking on the question, could speak once for not more than three minutes.

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9. Ms Claudia MO spoke on her motion. She said that the people of Hong Kong were very dissatisfied with the performance of PAOs and did not support the financial proposal in question. However, members of the non-establishment camp, given their small number, were unable to veto the Administration's proposals by voting against it. Ms MO also expressed dissatisfaction with the public remarks made by the Chairman and the way he handled the proceedings of the meetings.

10. Mr CHAN Chi-chuen, Mr LEUNG Yiu-chung, Dr LAU Siu-lai, Ms Tanya CHAN, Mr Nathan LAW, Mr Andrew WAN, Mr HUI Chi-fung, Dr Fernando CHEUNG, Mr LEUNG Kwok-hung, Mr CHU Hoi-dick, Mr KWONG Chun-yu, Mr SHIU Ka-chun, Dr YIU Chung-yim and Mr Alvin YEUNG spoke in support of the motion for the adjournment of further proceedings of FC.

11. Mr CHAN Chi-chuen and Dr Fernando CHEUNG pointed out that there was no urgency in dealing with this agenda item. It should not be submitted to FC for consideration at this moment. Mr CHAN said that the Panel on Constitutional Affairs ("the Panel") did not support the proposals. The Administration should revise the proposals and consult the Panel again, instead of directly submitting it to FC for consideration. Mr CHAN also pointed out that the way the Chairman dealt with the proceedings of the meetings had reinforced the unhealthy trend that Government officials responded to the questions raised by members in a sloppy manner. This trend had to be curbed.

12. Dr LAU Siu-lai, Mr Andrew WAN, Mr HUI Chi-fung, Dr Fernando CHEUNG and Mr KWONG Chun-yu said that while the Administration repeatedly emphasized that it was necessary to adjust the remuneration for PAOs in line with movements of inflation, its spending on social welfare was ungenerous and it had even slashed social welfare expenditure. Therefore, the current pay adjustment proposals for PAOs had received no support from the public. Further proceedings of FC had to be adjourned and consideration of this agenda item should cease.

13. Mr CHU Hoi-dick pointed out that he wrote to the Chairman on 20 January 2017 requesting nine pieces of information on this agenda item, but the Chairman instructed the Administration to respond to three of them only. Mr CHU considered that the Chairman had handled his request improperly and expressed dissatisfaction with such arrangement. Dr YIU Chung-yim said that the Administration and the Independent Commission had to consider the economic theory put forward by him in deciding the appropriateness of having an inflation-based pay adjustment mechanism for PAOs. In view of this, he supported the motion for the adjournment of

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further proceedings of FC.

14. Mr SHIU Ka-fai, Ms Starry LEE and Mr CHAN Han-pan spoke against the motion for the adjournment of further proceedings of FC. Ms LEE was of the view that those members who accused the Chairman of restricting them from speaking should not support the adjournment motion.

15. Mr Alvin YEUNG expressed dissatisfaction with the allegation made by Mr CHAN Han-pan in his speech on this motion that Mr KWONG Chun-yu might be involved in "election rigging".

16. Ms Claudia MO gave concluding remarks on her motion. The Chairman put to vote the motion for the adjournment of further proceedings of FC. At the request of members, the Chairman ordered a division and the division bell was rung for five minutes. The Chairman announced that 23 members voted in favour of and 29 members voted against the motion. The votes of individual members were as follows –

For:

Mr James TO Kun-sun	Mr LEUNG Yiu-chung
Mr LEUNG Kwok-hung	Ms Claudia MO
Mr WU Chi-wai	Mr Charles Peter MOK
Mr CHAN Chi-chuen	Mr Kenneth LEUNG
Mr Dennis KWOK Wing-hang	Dr Fernando CHEUNG Chiu-hung
Mr Alvin YEUNG	Mr Andrew WAN Siu-kin
Mr CHU Hoi-dick	Mr LAM Cheuk-ting
Mr SHIU Ka-chun	Ms Tanya CHAN
Mr HUI Chi-fung	Dr CHENG Chung-tai
Mr KWONG Chun-yu	Mr Jeremy TAM Man-ho
Mr Nathan LAW Kwun-chung	Dr YIU Chung-yim
Dr LAU Siu-lai	
(23 members)	

Against:

Mr Jeffrey LAM Kin-fung	Mr WONG Ting-kwong
Ms Starry LEE Wai-king	Mr CHAN Hak-kan
Mr WONG Kwok-kin	Mr Paul TSE Wai-chun
Mr Michael TIEN Puk-sun	Mr Steven HO Chun-yin
Mr YIU Si-wing	Mr MA Fung-kwok
Mr CHAN Han-pan	Mr LEUNG Che-cheung
Ms Alice MAK Mei-kuen	Mr KWOK Wai-keung
Mr Christopher CHEUNG Wah-fung	Dr Elizabeth QUAT
Mr Martin LIAO Cheung-kong	Mr POON Siu-ping
Dr CHIANG Lai-wan	Mr Jimmy NG Wing-ka

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Mr HO Kai-ming
Mr SHIU Ka-fai
Ms YUNG Hoi-yan
Mr CHEUNG Kwok-kwan
Mr LAU Kwok-fan
(29members)

Mr Holden CHOW Ho-ding
Mr Wilson OR Chong-shing
Mr CHAN Chun-ying
Mr LUK Chung-hung

17. The Chairman declared that the motion for the adjournment of further proceedings of FC was negatived.

Continuation of discussion on agenda item FCR(2016-17)80

18. FC continued with the deliberation of agenda item FCR(2016-17)80. Ms Tanya CHAN noted that before formulating the pay system for PAOs, the Independent Commission commissioned a human resources consultant to conduct a survey on the remuneration for the Chief Executive Officers ("CEOs") of different types of organizations in the public and private sectors in 2002. She enquired about the reasons why, at that time, reference was made to the remuneration for CEOs only. She also asked, apart from making reference to the remuneration for CEOs, whether the authorities had taken into account other information in order to determine the pay differential between the three Secretaries of Departments ("SoDs") and the pay differential between SoDs, Directors of Bureau ("DoBs"), Deputy Directors of Bureau and Political Assistants ("PAs").

19. SCMA explained that CEOs were the highest-ranking management personnel in the organizations invited to take part in the pay survey conducted by the human resources consultant. Those organizations had to be of considerable size with certain degree of complexity in terms of scope of business. Such attributes could be reflected in their turnover, geographical business coverage and business diversity. The Independent Commission and the human resources consultant considered that the job nature of CEOs of these organizations was representative of that of principal officials, so it was appropriate to use the remuneration for such CEOs as the reference benchmarks for the remuneration for PAOs. Upon the completion of the survey by the human resources consultant, eventually the Independent Commission had not used the pay levels of CEOs in private organizations as the basis for determining the remuneration for PAOs, given the fact that the working environment driven by market economics might not be fully comparable to the Government's working environment. Instead, the total remuneration for PAOs was capped at the level of the then average total remuneration for incumbent substantive civil servants at DoB level (i.e. officers at the Permanent Secretary ("PS") level at present).

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20. Mr LEUNG Yiu-chung reiterated that it was undesirable to adjust the remuneration for PAOs solely on the basis of movements of inflation. Instead, some other factors should be included for reference. He expressed doubt about the Administration's remarks that the current adjustment proposals were conducive to securing the services of suitable PAO candidates.

21. Dr YIU Chung-yim considered that the proposed mechanism, under which pay adjustment was pegged with movements of inflation, could not assure that PAOs could have a persistently higher pay than that of officers at PS level, whose remuneration was adjusted on the basis of the findings of the pay trend survey. He suggested that the proposed mechanism should be abandoned.

22. SCMA explained that one of the objectives of the current pay adjustment proposals was to make up for the shortfall in the pay system for PAOs in which an annual adjustment mechanism was absent. Since the senior civil servants was one of the main sources of talents from which PAO candidates were selected, the Independent Commission was of the view that it was necessary to review the pay differential between PAOs and officers at PS level so that senior civil servants would consider the pay levels of PAOs attractive. In addition, the PAO candidates the Government intended to recruit were often the target candidates for senior management positions of public organizations. As a result, under the present mechanism, suitable candidates might choose to pursue their career development in other public organizations. He said that the work relationship with LegCo was also an important factor for potential candidates in considering whether they would join the team of PAOs. He added that, at the FC meeting on 20 January 2017, the Deputy Secretary for Constitutional and Mainland Affairs had elaborated on the comparison between the economic theory proposed by Dr YIU Chung-yim and the economic data in an objective environment.

23. Dr Fernando CHEUNG opined that the Administration, while proposing such adjustment to the pay system for PAOs, should also narrow the pay differential between officers at SoD and DoB levels and the Administration's outsourced workers receiving the lowest pay. SCMA said that if members would like to deal with the issue of pay differential among different civil service grades, they might deal with such issue at other meetings where civil service remuneration structures were discussed.

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24. Mr WU Chi-wai asked if it would be more viable to consider this agenda item after the election of the new Chief Executive ("CE"). SCMA reiterated that, if consideration of the current pay adjustment proposals could be finished and the new mechanism could be implemented prior to the end of the term of office of the incumbent HKSAR Government, it might forestall possible conflict of interest in the next-term Government, and might facilitate the new CE in coming up with a new governance team.

25. Referring members to his letter to the Chairman dated 20 January 2017, Mr CHU Hoi-dick said that the Administration should, before proposing to revise the pay system for PAOs, conduct public consultation, review and reform the composition of the Independent Commission and undertake to narrow the pay differential between government officers at the uppermost and the lowest levels. SCMA noted the views expressed by Mr CHU Hoi-dick.

Voting on FCR(2016-17)80

26. There being no further questions from members, the Chairman declared that he now put FCR(2016-17)80 to vote since members proposing 37A motions had confirmed withdrawal of all such proposed motions. At the request of members, the Chairman ordered a division and the division bell was rung for five minutes. The Chairman announced that 26 members voted in favour of and 22 members voted against the item. The votes of individual members were as follows –

For:

Mr Abraham SHEK Lai-him

Ms Starry LEE Wai-king

Mr Paul TSE Wai-chun

Mr Steven HO Chun-yin

Mr YIU Si-wing

Ms Alice MAK Mei-kuen

Mr Christopher CHEUNG Wah-fung

Mr Martin LIAO Cheung-kong

Mr Jimmy NG Wing-ka

Mr Holden CHOW Ho-ding

Mr Wilson OR Chong-shing

Mr CHAN Chun-ying

Mr LUK Chung-hung

(26 members)

Mr WONG Ting-kwong

Mr WONG Kwok-kin

Mr Michael TIEN Puk-sun

Mr Frankie YICK Chi-ming

Mr LEUNG Che-cheung

Mr KWOK Wai-keung

Dr Elizabeth QUAT

Mr POON Siu-ping

Mr HO Kai-ming

Mr SHIU Ka-fai

Ms YUNG Hoi-yan

Mr CHEUNG Kwok-kwan

Mr LAU Kwok-fan

Action

Against:

Mr James TO Kun-sun

Mr LEUNG Kwok-hung

Mr WU Chi-wai

Mr CHAN Chi-chuen

Dr Fernando CHEUNG Chiu-hung

Mr Andrew WAN Siu-kin

Mr LAM Cheuk-ting

Ms Tanya CHAN

Dr CHENG Chung-tai

Mr Jeremy TAM Man-ho

Dr YIU Chung-yim

(22members)

Prof Joseph LEE Kok-long

Ms Claudia MO

Mr Charles Peter MOK

Mr Dennis KWOK Wing-hang

Mr Alvin YEUNG

Mr CHU Hoi-dick

Mr SHIU Ka-chun

Mr HUI Chi-fung

Mr KWONG Chun-yu

Mr Nathan LAW Kwun-chung

Dr LAU Siu-lai

27. The Chairman declared that the item was approved.

28. At 6:57 pm, the Chairman declared that the meeting be ended.

Legislative Council Secretariat

20 July 2017