

立法會
Legislative Council

LC Paper No. FC228/17-18
(These minutes have been
seen by the Administration)

Ref : FC/1/1(29)

Finance Committee of the Legislative Council

Minutes of the 60th meeting
held at Conference Room 1 of the Legislative Council Complex
on Friday, 14 July 2017, at 11:05 am

Members present:

Hon CHAN Kin-por, GBS, JP(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, GBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon CHAN Hak-kan, BBS, 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, SBS, 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 CHAN Han-pan, JP
Hon LEUNG Che-cheung, SBS, MH, JP

Hon Kenneth LEUNG
Hon Alice MAK Mei-kuen, BBS, JP
Dr Hon KWOK Ka-ki
Hon KWOK Wai-keung, JP
Dr Hon Fernando CHEUNG Chiu-hung
Dr Hon Helena WONG Pik-wan
Hon IP Kin-yuen
Dr Hon Elizabeth QUAT, BBS, 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 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, BBS, MH, JP
Dr Hon CHENG Chung-tai
Hon KWONG Chun-yu
Hon Nathan LAW Kwun-chung
Dr Hon YIU Chung-yim
Dr Hon LAU Siu-lai

Members absent:

Hon Michael TIEN Puk-sun, BBS, JP (Deputy Chairman)
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon Dennis KWOK Wing-hang
Hon Christopher CHEUNG Wah-fung, SBS, JP
Hon Jeremy TAM Man-ho

[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:

Mr Andrew LAI Chi Wah, JP	Acting Permanent Secretary for Financial Services and the Treasury (Treasury)
Ms Jenny CHOI Mui-fun	Acting Deputy Secretary for Financial Services and the Treasury (Treasury)1
Mr Raistlin LAU, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)3
Mr Alfred ZHI Jian-hong	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Ms Rebecca PUN Ting-ting, JP	Deputy Secretary for Transport and Housing (Transport) 1
Mr Raymond CHENG Nim-tai	Principal Assistant Secretary for Transport and Housing (Transport) 7
Mr Daniel CHUNG Kum-wah, JP	Director of Highways
Mr Jimmy CHAN Pai-ming, JP	Principal Government Engineer (Railway Development), Highways Department
Mr Anthony YUEN Woo-kok	Chief Engineer (Railway Development)1-3, Highways Department
Mr Kevin YEUNG Yun-hung, JP	Secretary for Education
Mr Brian LO Sai-hung, JP	Acting Permanent Secretary for Education
Mrs Angelina CHEUNG, JP	Deputy Secretary for Education (6)
Mr Godwin LAI Kam-tong	Principal Assistant Secretary for Education (Special Education)

Other persons attending:

Dr Philco WONG	Projects Director, MTR Corporation Limited
Mr Ken WONG	General Manager (Projects), MTR Corporation Limited
Mr Stephen YAU	Manager (Estimates, Cost Control and Logistics), MTR Corporation Limited
Ms Prudence CHAN	Senior Manager (Projects and Property Communications), MTR Corporation Limited

Clerk in attendance:

Ms Anita SIT	Assistant Secretary General 1
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Staff in attendance:

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
Miss Yannes HO	Legislative Assistant (1)6

Action

**Item No. 1 — FCR(2017-18)13
RECOMMENDATION OF THE PUBLIC WORKS
SUBCOMMITTEE MADE ON 20 APRIL 2017**

**PWSC(2016-17)44
HEAD 706 — HIGHWAYS
Transport — Railways
56TR — South Island Line (East)—essential public infrastructure
works**

The Finance Committee ("FC") continued with the discussion on item FCR(2017-18)13.

Improved monitoring of cost overruns incurred by works projects

2. Mr KWONG Chun-yu requested the Administration to use public funds prudently to prevent cost overruns of works projects in future. Mr WU Chi-wai suggested that in future, in case additional costs were incurred as a result of works variations, the Administration should report such variations to the relevant Panels of the Legislative Council ("LegCo") as soon as possible, so that LegCo could step up its monitoring expeditiously, rather than reporting to LegCo when it became necessary to seek approval for supplementary provision. Noting the absence of ground investigation at the Wong Chuk Hang Nullah, Mr WU also asked whether subsequent cost overruns caused thereby could have been avoided if ground investigations had been carried out by the MTR Corporation Limited ("MTRCL") during the early implementation stage of essential public infrastructure works for South Island Line (East).

3. The Director of Highways ("DHy") reiterated that:

- (a) MTRCL had already undertaken to examine, in the light of the experience of several recently completed railway projects, the areas of improvement required for implementing railway development projects, and would take such experience into account when taking forward railway development projects in future;
- (b) the Administration would also continue to monitor the work of MTRCL by rigorously vetting the justifications for each cost overrun claim. If necessary, MTRCL would be requested to furnish more detailed information;
- (c) variations within the scope of works projects with funding approval were generally foreseeable, and the additional costs thus incurred could be absorbed by the approved funding provision. The Administration therefore would not report such variations to LegCo. Regarding works variations that fell outside the scope of the funding approval, the Administration had all along been briefing the relevant Panel or Subcommittee on such variations; and
- (d) as already explained by MTRCL, no ground investigation was conducted at the relevant location because the Drainage Services Department had specifically requested that the discharge capacity of the Wong Chuk Hang Nullah should not be reduced.

Motions proposed by members under paragraph 37A of the Finance Committee Procedure

4. At 11:14 am, FC started to vote on whether the motions proposed by members under paragraph 37A of the Finance Committee Procedure would be proceeded with forthwith. The voting results were as follows:

Member proposing the motions	Serial number of motions	Motions be proceeded with forthwith
Mr Nathan LAW Kwun-chung	0001,0002,0004,0005	No
Mr CHAN Chi-chuen	0011	No
Dr YIU Chung-yim	0012	No

Voting on item FCR(2017-18)13

5. There being no further question on the item, the Chairman put item FCR(2017-18)13 to vote. At the request of members, the Chairman ordered a division, and the division bell was rung for five minutes. The Chairman declared that 34 members voted in favour of and 22 members voted against the item. The votes of individual members were as follows:

For:

Mr Tommy CHEUNG Yu-yan
 Mr WONG Ting-kwong
 Mr WONG Kwok-kin
 Mr Paul TSE Wai-chun
 Mr Frankie YICK Chi-ming
 Mr MA Fung-kwok
 Mr LEUNG Che-cheung
 Mr KWOK Wai-keung
 Mr Martin LIAO Cheung-kong
 Dr CHIANG Lai-wan
 Mr CHUNG Kwok-pan
 Dr Junius HO Kwan-yiu
 Mr Holden CHOW Ho-ding
 Mr Wilson OR Chong-shing
 Dr Pierre CHAN
 Mr CHEUNG Kwok-kwan
 Mr LAU Kwok-fan
 (34 members)

Mr Jeffrey LAM Kin-fung
 Ms Starry LEE Wai-king
 Mrs Regina IP LAU Suk-ye
 Mr Steven HO Chun-yin
 Mr YIU Si-wing
 Mr CHAN Han-pan
 Ms Alice MAK Mei-kuen
 Dr Elizabeth QUAT
 Mr POON Siu-ping
 Ir Dr LO Wai-kwok
 Mr Jimmy NG Wing-ka
 Mr HO Kai-ming
 Mr SHIU Ka-fai
 Ms YUNG Hoi-yan
 Mr CHAN Chun-ying
 Mr LUK Chung-hung
 Mr Kenneth LAU Ip-keung

Against:

Mr James TO Kun-sun	Mr LEUNG Yiu-chung
Prof Joseph LEE Kok-long	Mr LEUNG Kwok-hung
Ms Claudia MO	Mr WU Chi-wai
Mr Charles Peter MOK	Mr CHAN Chi-chuen
Dr Fernando CHEUNG Chiu-hung	Dr Helena WONG Pik-wan
Mr IP Kin-yuen	Mr Alvin YEUNG
Mr Andrew WAN Siu-kin	Mr LAM Cheuk-ting
Mr SHIU Ka-chun	Ms Tanya CHAN
Mr HUI Chi-fung	Dr CHENG Chung-tai
Mr KWONG Chun-yu	Mr Nathan LAW Kwun-chung
Dr YIU Chung-yim	Dr LAU Siu-lai
(22 members)	

6. The Chairman declared that the item was approved.

Item No. 2 — FCR(2017-18)24

**HEAD 156 — GOVERNMENT SECRETARIAT:
EDUCATION BUREAU**

Subhead 000 — Operational expenses

7. The Chairman stated that this item invited FC to approve the following proposals for the Education Bureau to implement the priority initiatives to support quality education at various levels with effect from the 2017-2018 academic/school year:

- (a) a supplementary provision of \$2,253 million in 2017-2018 under Subhead 000 "Operational expenses" of Head 156 "Government Secretariat: Education Bureau"; and
- (b) an increase in the ceiling placed on the total notional annual mid-point salary value of all non-directorate posts in the establishment of Head 156 "Government Secretariat: Education Bureau" in 2017-2018 by \$106,479,780 from \$3,399,891,000 to \$3,506,370,780 for the creation of 199 non-directorate civil service posts.

The Education Bureau consulted the Panel on Education on the item on 10 July 2017.

Non-means-tested subsidy for students to pursue self-financing undergraduate programmes

Pursuing self-financing undergraduate programmes offered by local institutions

8. Dr LAU Siu-lai and Dr Helena WONG declared that they were teaching at a local post-secondary institution and The Hong Kong Polytechnic University respectively. Dr YIU Chung-yim declared that he had taught both subsidized and self-financing undergraduate programmes. Dr LAU, Dr WONG, Dr YIU, Mr Andrew WAN and Mr WU Chi-wai queried that the Administration's proposal was not a student-oriented one as the self-financing programmes offered by the eight institutions funded by the University Grants Committee ("UGC"), including self-financing sub-degree programmes, were not within the scope of the \$30,000 annual non-means-tested subsidy and hence, the choice of students for further studies would be restricted. Mr IP Kin-yuen opined that the funding scope of the Administration's proposed non-means-tested subsidy scheme would result in uneven distribution of resources. Expressing support for the item, Mr LEUNG Che-cheung and Mr YIU Si-wing asked whether the Administration would consider extending the scope of the \$30,000 non-means-tested subsidy in future to cover the self-financing undergraduate programmes offered by the eight UGC-funded institutions and other self-financing sub-degree programmes.

9. Dr Helena WONG pointed out that while the Democratic Party supported the principle of providing non-means-tested subsidy to students attaining the minimum entry requirements of "3322" in the Hong Kong Diploma for Secondary Education Examination ("eligible students"), an articulation pathway had been established over the years for students who had completed self-financing sub-degree programmes to proceed to subsidized top-up degree programmes offered by the same UGC-funded institutions. As such, she could not understand why self-financing sub-degree programmes had not been included within the scope of the \$30,000 non-means-tested subsidy scheme. Dr LAU Siu-lai also expressed similar views.

10. Speaking in support of the item, Mr CHAN Chun-ying asked whether students pursuing top-up degree programmes after completing self-financing sub-degree programmes would be eligible for the \$30,000 non-means-tested subsidy. Mr YIU Si-wing was concerned about whether the amount of the \$30,000 non-means-tested subsidy would be reviewed by the Administration. Mr YIU and Mr POON Siu-ping expressed concern about the time when the Administration would review the sub-degree system.

11. In response, the Secretary for Education ("SED") said that:
- (a) as the non-means-tested subsidy scheme was intended to provide financial assistance to eligible students to undertake undergraduate programmes, self-financing sub-degree programmes were outside the scope of the proposed scheme. The Administration stressed that the primary role of UGC-funded universities was to provide various degree programmes and undertake researches. The self-financing sub-degree programmes offered by institutions under UGC-funded universities had to be accredited by the respective universities. The inclusion of self-financing sub-degree programmes into the \$30,000 non-means-tested subsidy scheme would cloud the Government's policy on UGC-funded universities and their positioning would become confused;
 - (b) among the eight areas for further review and actions that required further initiatives to be taken the Administration ("the further initiatives"), one of which was to revisit the role and positioning of self-financing post-secondary institutions to clarify the differences between self-financing post-secondary institutions and the self-financing arms of UGC-funded universities, as well as to review the positioning of sub-degree qualification and its role in society. Upon completion of its review, the Administration would consider the scope of the non-means-tested subsidy scheme in a holistic manner;
 - (c) while sub-degree programmes were outside the scope of the non-means-tested subsidy scheme, sub-degree holders pursuing relevant top-up degree programmes would be eligible to apply for the non-means-tested subsidy; and
 - (d) consideration would be given to adjusting the amount of the non-means-tested subsidy (currently set at \$30,000) annually according to the movement of Composite Consumer Price Index.

Pursuing eligible undergraduate programmes in the Mainland

12. Referring to the \$5,000 annual non-means-tested subsidy for eligible students pursuing undergraduate programmes in the Mainland, Mr YIU Si-wing enquired about the measures to be taken by the Administration to ensure that Mainland institutions offering such programmes were qualified for the subsidy. Mr WU Chi-wai asked if eligible students pursuing undergraduate programmes offered by overseas institutions could also receive the subsidy.

13. In reply, SED said that :

- (a) the Mainland institutions covered by the non-means-tested subsidy scheme were identical to those under the existing Mainland University Study Subsidy Scheme, including those participating in the Scheme for Admission of Hong Kong Students to Mainland Higher Education Institutions, in order to ensure the quality of undergraduate programmes pursued by students who would benefit from the non-means-tested subsidy; and
- (b) the Administration and the Ministry of Education signed the "Memorandum of Understanding between the Mainland and Hong Kong on Mutual Recognition of Academic Degrees in Higher Education" in 2004. The Mainland universities covered by the non-means-tested subsidy were on the list of higher education institutions in the Memorandum. As Hong Kong had not entered into similar memoranda with other countries or places, the non-means-tested subsidy did not cover undergraduate programmes offered by overseas institutions.

Disbursement of the non-means-tested subsidy

14. Mr CHAN Chun-ying asked whether eligible students could still receive the non-means-tested subsidy beyond the normal duration of the programmes concerned (i.e. four to five years for undergraduate programmes, and one to three years for top-up programmes) if they needed a longer time to complete their studies. SED replied that the Administration would take into account the circumstances of individual cases when handling the disbursement of the non-means-tested subsidy.

Impact of increasing the teacher-to-class ratio on the manpower of schools

15. Ms Starry LEE and Mr IP Kin-yuen supported the item. Ms LEE suggested that primary schools should be provided with the flexibility to make good use of the additional graduate posts created as a result of the across-the-board increase in the teacher-to-class ("T/C") ratio in primary and secondary schools, either by filling them through promotion or by appointment of serving contract teachers and surplus teachers. Pointing out that T/C ratio would be increased by 0.1 under the present proposal, Mr IP requested the Administration to gradually increase the ratio by 0.2 or 0.3, in order to further relieve the workload of teachers. Mr LEUNG Che-cheung asked whether the Administration would, after the implementation of the present proposal, examine the adequacy of teaching staff establishment annually.

16. In reply, SED advised that:

- (a) the Administration would provide individual schools with sufficient room for manoeuvre so that they could properly fill the additional permanent graduate posts created as a result of an increase in T/C ratio, having regard to the employment situation of individual schools; and
- (b) when taking forward the further initiatives, the Administration would look into the workload and staffing establishment of teachers, with a view to examining how the professional development of teachers could be enhanced and a professional ladder for teachers could be established. The Administration would also clarify the Education Bureau's relationship with school sponsoring bodies and schools, and forge ahead with school-based management, in order to reduce the burden of administrative work on teachers. The Administration would comprehensively identify the problems of and needs in various areas, listen to the views of the education sector, and further review the teaching staff establishment where necessary.

Support measures for special education

17. While supporting the Administration's proposal to regularize the relevant pilot project regarding the provision of special educational needs coordinators ("SENCOs") ("the pilot project"), Dr Fernando CHEUNG and Mr IP Kin-yuen considered that the Administration should further strengthen its support for special education. Dr CHEUNG requested that the pilot project be reviewed and the remuneration of SENCOs be increased to the level of senior teachers through direct subsidy provided by the Administration. Mr IP requested that the post of SENCO should be pitched at the level of senior graduate master teachers, and the Administration should provide special education experts, as well as the relevant equipment and training.

18. Noting that as a result of the proposal to provide SENCO for all ordinary schools by phases, six additional civil service teaching posts would be created in 2017-2018 and a total of 64 additional posts would be created within these three years (from 2017-2018 to 2019-2020), and in respect of teaching posts for government schools, the recurrent expenditure arising from the provision of SENCO and additional staff/grant for special schools would increase from \$2 million in 2017-2018 to \$34 million per annum (full-year effect), Mr CHAN Chun-ying remarked that such rates of increase were quite substantial.

19. In response, SED pointed out that:

- (a) given that while the pilot project was met with positive response, it would take one year to complete the relevant review, the Administration decided that the pilot project should be regularized first to strengthen its support for students with special educational needs and for integrated education; and
- (b) after the completion of the pilot project, the Administration would, having regard to review outcomes, consider and, where appropriate, adjust the rank, teaching workload, etc. of SENCOs.

Support for innovation and technology and vocational education

20. Expressing support for the item, Mr CHAN Chun-ying, Mr Jimmy NG and Mr POON Siu-ping asked whether resources would be provided by the Administration to develop the innovation and technology ("I&T") industry and re-industrialization through the promotion of Science, Technology, Engineering and Mathematics ("STEM") education, as well as to promote vocational and professional education. For instance, they asked whether part of the remaining \$1.4 billion of the proposed \$5 billion increase in the recurrent expenditure on education (i.e. after deducting the \$3.6 billion for the present item) would be used to support the development of the Vocational Training Council.

21. In reply, SED said that:

- (a) as the Administration's proposal to provide non-means-tested subsidy to eligible students for undertaking self-financing undergraduate programmes was aimed at relieving their financial burden, no consideration would be given to the areas of study pursued by students;
- (b) a higher level of subsidies was provided for programmes in selected disciplines under the Study Subsidy Scheme for Designated Professions/Sectors already implemented by the Administration to provide training for industries with keen demand for human resources; and
- (c) the Administration had yet to come up with a timetable or priorities for the implementation of the further initiatives, and further studies were required on how to allocate the remaining \$1.4 billion. Nonetheless, the Task Force on Promotion of Vocational Education ("the Task Force") had been set up in June 2014 to map out a strategy for promoting vocational education and training in the community. In 2015, the Task Force submitted a report to the Government, outlining a three-pronged strategy with a total of 27 recommendations. As such, in comparison with other further initiatives, it was relatively easier to take forward the promotion of vocational and professional education.

Pace of implementing the initiatives

22. Dr LAU Siu-lai, Dr Fernando CHEUNG and Mr YIU Si-wing took the view that the Administration had implemented the initiatives too hastily. Dr LAU pointed out that since the initiatives were made known in July, the Administration had only consulted the self-financing institutions offering eligible programmes under the non-means-tested subsidy scheme, and it had not heeded the views of the Federation for Self-financing Tertiary Education (including the self-financing arms of UGC-funded institutions) or other stakeholders.

23. SED responded that :

- (a) the proposal to increase the annual recurrent expenditure on education had already been included in the election manifesto of the Chief Executive ("CE"). To forge consensus on the early implementation of various enhancement measures to the education system, CE had been listening directly to views from stakeholders in the education sector (including representatives of UGC-funded universities and self-financing post-secondary institutions) in the three months before she took office; and
- (b) after the relevant initiatives were announced at CE's Question and Answer Session held at the Legislative Council meeting of 5 July 2017, he himself had met with representatives of self-financing institutions offering eligible self-financing programmes under the non-means-tested subsidy scheme. With time on hand, he also met with representatives of the self-financing arms of UGC-funded universities to discuss the relevant item.

Others

24. Mr IP Kin-yuen pointed out that education spending in Hong Kong only accounted for 3.5% of our Gross Domestic Product, lagging far behind the average of 4.8% in other developed economies. Moreover, the expenditure on education as a percentage of total government expenditure had been falling. Mr IP suggested that the Administration should expeditiously review the pay scale of kindergarten teachers. Regarding the remaining \$1.4 billion of the proposed \$5 billion increase in the recurrent expenditure on education (i.e. after deducting the \$3.6 billion for the present item), he said that the Administration should also allocate these

resources to establish a graduate teaching force. Noting the views expressed by Mr IP, SED clarified that while education spending as a percentage of total government expenditure had dropped, there was an increase in the actual amount of funding provision.

25. The meeting ended at 1:04 pm.

Legislative Council Secretariat
12 April 2018