

立法會
Legislative Council

Ref : CB2/PL/HA

LC Paper No. CB(2)366/17-18
(These minutes have been seen
by the Administration)

Panel on Home Affairs

Minutes of meeting
held on Monday, 22 May 2017, at 8:30 am
in Conference Room 3 of the Legislative Council Complex

- Members present** : Hon MA Fung-kwok, SBS, JP (Chairman)
Hon Jimmy NG Wing-ka, JP (Deputy Chairman)
Hon LEUNG Yiu-chung
Hon Tommy CHEUNG Yu-yan, GBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon LEUNG Kwok-hung
Hon Claudia MO
Hon Steven HO Chun-yin, BBS
Hon YIU Si-wing, BBS
Hon CHAN Chi-chuen
Hon LEUNG Che-cheung, BBS, MH, JP
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
Hon IP Kin-yuen
Hon Alvin YEUNG
Hon Holden CHOW Ho-ding
Hon Wilson OR Chong-shing, MH
Hon YUNG Hoi-yan
Hon HUI Chi-fung
Hon Nathan LAW Kwun-chung
Dr Hon YIU Chung-yim
- Members attending** : Hon WU Chi-wai, MH
Hon KWOK Wai-keung
- Members absent** : Hon CHAN Hak-kan, BBS, JP
Hon Paul TSE Wai-chun, JP
Hon CHAN Han-pan, JP
Dr Hon Helena WONG Pik-wan

Hon Andrew WAN Siu-kin
Hon CHU Hoi-dick
Dr Hon Junius HO Kwan-yiu, JP
Hon HO Kai-ming
Hon SHIU Ka-fai
Hon SHIU Ka-chun
Hon Tanya CHAN
Hon LUK Chung-hung
Hon LAU Kwok-fan, MH
Hon Kenneth LAU Ip-keung, MH, JP
Hon KWONG Chun-yu
Dr Hon LAU Siu-lai

[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 : Item III
attending**

Mr LAU Kong Wah, JP
Secretary for Home Affairs

Miss Janice TSE Siu-wa, JP
Director of Home Affairs

Miss Vega WONG Sau-wai, JP
Assistant Director of Home Affairs (4)

Item IV

Mr LAU Kong-wah, JP
Secretary for Home Affairs

Mr YEUNG Tak-keung, JP
Commissioner for Sports
Home Affairs Bureau

Miss Petty LAI Chun-yee
Principal Assistant Secretary (Recreation & Sport) 1
Home Affairs Bureau

Item V

Ms Florence HUI Hiu-fai, SBS, JP
Under Secretary for Home Affairs

Ms Angela LEE Chung-yan, JP
Deputy Secretary for Home Affairs (2)

Mr Kesson LEE
Principal Assistant Secretary (Culture) 1
Home Affairs Bureau

Mrs Clara LEUNG SO Yu-bik
Assistant Director (Administration)
Leisure and Cultural Services Department

Clerk in attendance : Ms Joanne MAK
Chief Council Secretary (2) 3

Staff in attendance : Mr Richard WONG
Senior Council Secretary (2) 6

Mrs Fonny TSANG
Legislative Assistant (2) 3

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I. Information papers issued since the last meeting
[LC Paper No. CB(2)1425/16-17(01)]

Members noted that a letter dated 15 May 2017 from Hon LAU Kwok-fan to the Panel [LC Paper No. CB(2)1425/16-17(01)] had been issued after the last meeting.

II. Items for discussion at the next meeting
[LC Paper Nos. CB(2)1418/16-17(01) and (02)]

2. The Panel agreed to discuss the following items proposed by the Administration at the next regular meeting on 26 June 2017 at 8:30 am:

- (a) monitoring of Private Recreational Leases; and
- (b) Community Care Fund.

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(Post-meeting note: at the request of the Administration and with the concurrence the Chairman, the item "Monitoring of Private Recreational Leases" was subsequently replaced by "Avenue Park at Kai Tak". Members were informed of the revised agenda vide LC Paper No. CB(2)1679/16-17 on 20 June 2017.)

III. Financial arrangement for the Property Management Services Authority

[LC Paper Nos. CB(2)1418/16-17(03) and (04)]

3. At the invitation of the Chairman, the Secretary for Home Affairs ("SHA") briefed members on the salient points of the Administration's paper [LC Paper No. CB(2)1418/16-17(03)].

Discussion

4. In response to members' enquiries about the estimated annual recurrent expenditure of the Property Management Services Authority ("PMSA") and its staffing arrangements, the Director of Home Affairs ("DHA") said that taking into consideration the existing regulatory bodies of a similar nature, the Administration's preliminary plan was that PMSA would have a total of about 40 staff members and be headed by a chief executive officer. The remuneration of the chief executive officer would be comparable to that of a Directorate 2 officer. DHA added as PMSA had not yet fully commenced its work, details of its work plan, organization structure and the exact remuneration would be worked out by PMSA in the future.

5. The Chairman and Mr WU Chi-wai considered that PMSA would have to handle complaints, conduct inspections and investigations, and deal with legal proceedings including appeal cases. They enquired whether PMSA would be provided with adequate manpower and financial resources to enable it to properly discharge its work. Mr Holden CHOW enquired whether the Administration had estimated the number and the type of complaint cases to be handled by PMSA. He also asked whether PMSA would provide mediation service to resolve disputes between complainants and property management companies ("PMCs") and/or property management practitioners ("PMPs").

6. DHA advised that as the principal function of PMSA was, among others, to regulate and control the provision of property management services

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by the licensing of PMCs and PMPs, complaint cases to be handled by PMSA were expected to mainly involve whether individual PMCs/PMPs were able to meet the licencing requirements or comply with the relevant Code of Conduct as well as the service quality of PMCs/PMPs. She added that there would be a three-year transitional period of the licensing regime, and the Administration therefore did not expect a large number of complaints to be received by PMSA in the first few years of its operation. DHA further said that as PMSA's expenditure on investigation and legal proceedings would be subject to the number and complexity of complaints, such expenditure had not been included in the estimated expenditure as set out in Annex 4 to the Administration's paper. She added that PMSA's functions did not include mediation, or dispute resolution between PMCs and owners.

7. The Chairman sought details of the Administration's proposal to apply to the Loan Fund for a loan of \$22 million to cope with the set-up cost and the operating expenses of PMSA ("the proposed loan arrangement"). In response, DHA advised that the interest of the loan would be calculated at "no-gain-no-loss" rate (i.e. a rate set at a certain percentage below the average best lending rate of note-issuing banks, with that percentage (to be reviewed every two years) being the average spread between the average best lending rate for banks in the past 10 years and the 12-month Hong Kong dollar interbank interest rate). She added that PMSA planned to settle the loan principal by five equal annual instalments starting from the 2020-2021 financial year.

8. The Chairman and Mr LEUNG Che-cheung considered that, as the levy would be charged on the transferee on each conveyance on sale chargeable with stamp duty, the income of PMSA would fluctuate with the number of conveyances on sale each year. Noting that PMSA was projected to be financed from 2018-2019 onwards by the recurrent income generated from application/licence fees and levy, the Chairman enquired whether and how PMSA would be assured of an income level adequate to support its work.

9. SHA and DHA advised that based on the latest estimation that there were 800 PMCs, 4 000 PMPs (Tier 1) and 7 500 PMPs (Tier 2), an annual income of around \$12 million to \$14 million would be generated for PMSA starting from 2020-2021. Besides, a levy of \$350 was proposed to be imposed on the transferee on each conveyance on sale. Based on the statistics from 2013-2014 to 2016-2017, the average number of conveyances on sale was around 80 000 per year. The Administration estimated that the above proposal could generate an annual income sufficient for the operation

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of PMSA starting from 2018-2019. In this connection, the Administration planned to introduce the regulation on levy into the Legislative Council ("LegCo") for negative vetting in the fourth quarter of 2017, and the regulation on licence fees into LegCo for negative vetting in mid-2018.

10. Mr YIU Si-wing suggested that the Administration should consider charging a higher level of levy so as to ensure that PMSA would have a stable and adequate source of income. He added that the Administration should be prudent in increasing the licence fees which would be paid annually by licensees, as compared to the levy which would be just a one-off payment. Mr Steven HO concurred with Mr YIU, adding that the annual estimated recurrent expenditure of \$30 million to \$38 million might not be adequate to meet the operational needs of PMSA. He said that once the amount of levy was set, it would be undesirable if the Administration proposed an adjustment within a short period of time. Mr LEUNG Che-cheung said that if the annual number of conveyances on sale fell far below 80 000 for a few years, PMSA might have difficulties financing its operation. Mr WU Chi-wai considered it appropriate if the levy and the licence/application fees would generate a recurrent income which was adequate but not excessive to meet the operational needs of PMSA. He added that in view of the uncertainty about the number of conveyances on sale each year, PMSA should maintain a certain level of overall balance so as to ensure a stable financial position.

11. SHA advised that the Administration's initial proposal of setting the amount of levy at \$350 was agreed to by members of the relevant Bills Committee. He added that the Administration would take on board members' views when proposing the amount of levy in the relevant subsidiary legislation. DHA added that the financial position of PMSA would be monitored by members of PMSA, and the annual report and audited accounts of PMSA were also required to be tabled at LegCo.

12. Mr KWOK Wai-keung said that while the proposed licence fees were within the acceptable range, he considered that as PMSA would provide services to all property owners, it was unfair for the levy to be charged only on the transferee on conveyances on sale. He considered that the Government should play a larger role in financing PMSA. Mr LEUNG Kwok-hung expressed a similar view, adding that instead of returning the rates to some property owners in each financial year, the Administration should consider using part of the money to provide the seed capital for PMSA.

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13. SHA said that PMSA was a self-financing statutory body. The Property Management Services Ordinance (Cap. 626) ("PMSO") stipulated that PMSA was to be financed by income generated from licence fees and levy and the arrangement was supported by LegCo. DHA added that the collection arrangement of the levy would be simple and would minimize the administrative cost. In response to Mr YIU Si-wing's enquiry as to why penalties were not included as a source of income of PMSA, DHA said that penalties did not constitute a stable source of recurrent income and therefore were not included in the cash flow projection of PMSA.

14. Dr YIU Chung-yim declared that he was currently a licensed surveyor (Property and Facilities Management Division). He said that the trade was concerned about the transparency of and criteria for the appointment of members of PMSA. Mr LEUNG Kwok-hung expressed a similar concern, adding that the current PMSA consisted of too many members of District Councils as well as former and current LegCo Members. Mr WU Chi-wai enquired whether members of PMSA were remunerated.

15. SHA advised that the appointment of the membership of PMSA was made in accordance with the requirements set out in PMSO. Each member of PMSA was appointed for a period of three years on a pro bono basis. He added that the composition of PMSA had struck a balance between protecting the interests of the industry and those of property owners and the general public.

16. Summing up, the Chairman said that members did not object to the submission of the proposed loan arrangement to the Finance Committee ("FC") for consideration.

IV. Proposed injection into Elite Athletes Development Fund
[LC Paper Nos. CB(2)1418/16-17(05) and (06)]

17. At the invitation of the Chairman, SHA briefed members on the salient points of the Administration's paper [LC Paper No. CB(2)1418/16-17(05)] on a proposed one-off injection of \$1 billion into the Elite Athletes Development Fund ("EADF").

18. The Chairman declared that he was a member of the Board of Directors of the Hong Kong Sports Institute ("HKSI") Limited.

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Discussion

19. Noting that the investment returns from EADF in recent years were insufficient to meet the financial needs of HKSI as set out in the Administration's paper, Mr IP Kin-yuen asked whether the Administration would consider providing a more stable funding source to HKSI. He enquired why the Administration did not provide the financial subsidy for HKSI as a recurrent expenditure item, so as to prevent HKSI from having its income fluctuating with the investment returns. SHA advised that the Administration had endeavoured to provide steady financial support for the operation of HKSI and the development of elite sports. The Commissioner for Sports ("C for S") said that when FC approved the funding proposal for setting up the \$7 billion EADF in July 2011, the Administration had advised that if the investment returns failed to meet the target and where necessary, the Administration might use the seed capital to meet the funding needs of HKSI or seek further injection into EADF. He further said that part of the seed capital had been used (as at the end of 2016-2017, the total balance of EADF was around \$6.53 billion), and the proposed injection to EADF was therefore necessary before further depleting the seed capital.

20. The Chairman acknowledged that the sports sector had indeed made great achievements in recent years and that the contribution of HKSI to the development of elite sports should be recognized. The Chairman and Mr LEUNG Che-cheung took the view that as the investment returns from EADF had not been able to meet the financial needs of HKSI and it was expected that the expenditure of HKSI would continue to increase, the Administration should consider increasing the amount of the proposed injection, say, to \$2 billion or even more, so as to ensure adequate funding support for the operation of HKSI and sustainability of development of elite sports in Hong Kong. The Chairman further suggested that the Administration might consider offering tax concession on a trial basis for donations to HKSI so as to provide greater incentives for private donations to support the development of elite sports. SHA said that the proposal would have impact on the Government income and had to be carefully considered. He undertook to relay it to the Government for consideration. Meanwhile, the Administration would continue to monitor the operation of HKSI and EADF and adequate funding support would be provided to HKSI to meet its financial needs in bringing elite sports development of Hong Kong to a higher level.

21. Noting that full-time elite athletes were required to undergo a minimum of five days and 25 hours of supervised training per week,

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Mr Christopher CHEUNG enquired how HKSI assisted elite student athletes to cope with their studies. He also expressed concern about the measures to support elite athletes in career development and retirement planning. Mr YIU Si-wing suggested that the Administration should explore ways to diversify the career pathways of elite athletes, such as subsidizing non-governmental organizations in commercial investment projects with a view to creating employment opportunities for elite athletes under those projects.

22. SHA advised that HKSI had worked with the education sector to develop new educational programmes for elite athletes with a view to achieving a balance between commitment to full-time athletic training and pursuing studies. In this connection, HKSI had signed the Memorandum of Understanding ("MOU") with the Education University of Hong Kong and The Chinese University of Hong Kong, and would sign another MOU with the Hong Kong Baptist University shortly. Under such MOU, the universities concerned would make flexible arrangements for elite student athletes for their studies, e.g. by extending the period of study of a four-year undergraduate programme to eight years. Arrangements had also been made for retired elite athletes to work as coaches and programme coordinators in "national sports associations" ("NSAs") and in schools. SHA said that he welcomed members to provide more concrete details of any proposal for enhancing the career pathways of elite athletes for the Administration's consideration.

23. Noting that there was a total of 1 277 athletes (including 354 full-time athletes) receiving training support at HKSI in 2016-2017, Mr CHAN Chi-chuen enquired about the selection criteria for elite athletes and elite sports. He also enquired about HKSI's allocation of resources on the provision of sports science and medicine support services for elite athletes. Mr Holden CHOW enquired how the level of grants provided to elite athletes was determined. He further asked about the existing mechanism for identifying students with potential to perform at a higher level and giving them the opportunity to take part in advanced training programmes.

24. C for S advised that individual athletes who had achieved outstanding results might receive grants from HKSI, and students with sports talent and potential recommended by NSAs might also receive local training support at HKSI. He said that the level of grants received by individual athletes, which ranged from a few thousand dollars to about \$38,000 per month, was

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determined by a set of transparent criteria based on performance in major competitions. As regards elite sports, HKSI provided support for sports which met the criteria under the Elite Vote Support System as set out in Annex B to the Administration's paper. Sports meeting the criteria for Tier A and Tier B elite sports would be provided with support for a four-year cycle, and a review of sports performance would be conducted every two years. Sports science and medicine support was provided by HKSI to eligible sports and individual athletes who had achieved outstanding results.

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25. Dr Fernando CHEUNG expressed concern about the lack of progress of the Administration's follow-up on the recommendation of the Consultancy Study on Sports for Persons with Disabilities ("the Consultancy Study") that the Administration should conduct a study on the establishment of a full-time athlete system for athletes with disabilities. C for S advised that the Administration, HKSI and relevant sports associations would work out the framework for enhanced training and other support for disabled sports and athletes, such as full-time opportunities, in the light of the Consultancy Study. C for S said that divergent views had been received on the issue and the Administration needed more time for the study. The Administration would brief members on the outcome once available. At the request of Dr Fernando CHEUNG, SHA agreed to provide written information on the progress of the Administration's study before the meeting of FC held to discuss the current proposal.

26. Members in general expressed support for the proposed injection. The Chairman said that the Panel did not object to the submission of the proposal to FC for consideration.

V. Write-off of an Irrecoverable Loss

[LC Paper No. CB(2)1418/16-17(07)]

27. At the invitation of the Chairman, the Under Secretary for Home Affairs briefed members on the proposal to write off an irrecoverable loss of \$869,818.89, which was an overpayment of housing allowances to a former "ex-Council contract" staff of the Leisure and Cultural Services Department as detailed in the Administration's paper (LC Paper No. CB(2)1418/16-17(07). Members did not raise any question regarding the proposal.

28. The Chairman said that members did not object to the submission of the above proposal to FC for consideration.

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VI. Any other business

29. There being no other business, the meeting ended at 10:18 am.

Council Business Division 2
Legislative Council Secretariat
21 November 2017