

立法會
Legislative Council

LC Paper No. FC260/17-18
(These minutes have been
seen by the Administration)

Ref : FC/1/1(4)

Finance Committee of the Legislative Council

Minutes of the 5th meeting
held at Conference Room 1 of the Legislative Council Complex
on Friday, 27 October 2017 at 4:30 pm

Members present:

Hon CHAN Kin-por, GBS, JP (Chairman)
Hon Michael TIEN Puk-sun, BBS, JP (Deputy Chairman)
Hon James TO Kun-sun
Hon LEUNG Yiu-chung
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
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon WONG Kwok-kin, SBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
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
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, 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 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
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 Jeremy TAM Man-ho

Members absent:

Hon Abraham SHEK Lai-him, GBS, JP
Hon Tommy CHEUNG Yu-yan, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Andrew WAN Siu-kin
Dr Hon Junius HO Kwan-yiu, JP
Dr Hon Pierre CHAN

Public officers attending:

Ms Alice LAU Yim, 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 Mike CHENG Wai-man	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Mr Jack CHAN Jick-chi, JP	Under Secretary for Home Affairs
Ms Sandy CHEUNG Pui-shan	Principal Assistant Secretary for Home Affairs (Culture)2
Mr Edward TSE Cheong-wo	Project Director 3, Architectural Services Department
Mr Tony LEE Cheuk-ming	Chief Project Manager 301, Architectural Services Department
Mr LAM Wing-hong	Assistant Director of Food and Environmental Hygiene (Operations)2
Mrs Clara LEUNG SO Yu-bik	Assistant Director of Leisure and Cultural Services (Administration)
Mr Michael CHIU Yat-on	Chief Executive Officer (Planning)1, Leisure and Cultural Services Department
Ms Annisa MA Sau-ching	Acting Assistant Director of Social Welfare (Family and Child Welfare), Social Welfare Department
Miss Fanny FUNG Hing-sum	Senior Social Work Officer (Family)1, Social Welfare Department
Mr Joshua LAW, GBS, JP	Secretary for the Civil Service
Mr Thomas CHOW, JP	Permanent Secretary for the Civil Service
Ms Amy WONG	Deputy Secretary for the Civil Service (2)
Mr Benjamin MOK	Principal Assistant Secretary for the Civil Service (Pay and Leave), Civil Service Bureau

Clerk in attendance:

Ms Anita SIT

Assistant Secretary General 1

Staff in attendance:

Mr Derek LO

Chief Council Secretary (1)5

Ms Ada LAU

Senior Council Secretary (1)7

Mr Raymond SZETO

Council Secretary (1)5

Mr Frankie WOO

Senior Legislative Assistant (1)3

Miss Yannes HO

Legislative Assistant (1)6

Action

The Chairman reminded members of the requirements under Rule 83A and Rule 84 of the Rules of Procedure.

Members' views on the Chairman's two directions

2. Expressing views on the two "Notes on Chairman's directions" issued on 19 October 2017 (LC Paper Nos. FC23/17-18 and FC24/17-18), Mr IP Kin-yuen, Mr Charles Peter MOK and Mr CHU Hoi-dick requested the Chairman to convene an open special meeting for members to discuss the matter. Mr IP enquired about the Chairman's response to his letter to the Chairman dated 26 October 2017.

3. The Chairman said that in the two "Notes on Chairman's directions" and in other written replies to different members, he had already explained the legal basis for him to give the two directions, as well as the reasons for not convening an open meeting for members to discuss the two "Chairman's directions". The Chairman emphasized that he had given those directions pursuant to the powers conferred on the Chairman of the Finance Committee ("FC"). The Chairman undertook that he would provide a response to Mr IP Kin-yuen's letter.

**Item 1 — FCR(2017-18)27A
RECOMMENDATION OF THE PUBLIC WORKS
SUBCOMMITTEE MADE ON 28 JUNE 2017**

PWSC(2017-18)4

HEAD 703 — BUILDINGS

Support — Others

183GK — Re provisioning of Shanghai Street refuse collection point and street sleepers' services units to the site on Hau Cheung Street, Yau Ma Tei for the phase II development of the Yau Ma Tei Theatre project

4. FC continued with its deliberation on FCR(2017-18)27A.

5. The Chairman said that this item sought FC's approval of the recommendation of the Public Works Subcommittee ("PWSC"), made at its meeting on 28 June 2017, i.e. the recommendation in PWSC(2017-18)4 regarding the upgrading of 183GK to Category A for the re provisioning of Shanghai Street refuse collection point ("RCP") and street sleepers' services units ("SSSU") to the site on Hau Cheung Street, Yau Ma Tei to make way for phase II development of the Yau Ma Tei Theatre ("YMTT") project. The estimated cost of the proposed project had been updated to \$223.3 million in money-of-the-day prices. Some members requested separate voting on the recommendation at an FC meeting. PWSC had discussed the recommendation at two meetings for about two hours and 20 minutes. The Administration had also submitted a number of information papers. The Chairman declared that he was an independent non-executive director of The Bank of East Asia.

Design of and facilities in the re provisioned street sleepers' services unit

6. Mr CHAN Chi-chuen requested the Administration to undertake that in the course of planning for similar social welfare facilities in future, social welfare facilities and RCPs would not be co-located in the same place or building. Mr IP Kin-yuen requested the Administration to minimize the impact of the proposed RCP on SSSU users and those who would work in the proposed building. Mr James TO was strongly dissatisfied that RCP and SSSU were co-located in the same building.

7. Mr Charles Peter MOK said that Dr Fernando CHEUNG, currently attending another meeting, could not attend this FC meeting. Mr MOK relayed to the meeting that Dr CHEUNG objected to co-locating RCPs and SSSUs in the same building. Mr MOK said that while Dr CHEUNG was delighted to see that the Administration would seek to improve the facilities in SSSU and hoped that the project could commence as soon as possible, it was Dr CHEUNG's intention to oppose the funding proposal.

Supply of shelter places

8. Mr CHU Hoi-dick asked whether the space on the second floor of the proposed building (i.e. the proposed offices for the Leisure and Cultural Services Department ("LCSD")'s Information Technology Office) could be converted for use by SSSU in order to provide additional shelter places in case the demand of street sleepers for shelter places increased in future. Mr Charles Peter MOK expressed a similar view and said that it might be more desirable if the space on the second floor could be vacated and another site could be identified to accommodate LCSD's offices.

9. Dr Helena WONG requested the Administration to confirm that the number of shelter places to be supplied by the proposed SSSU could be increased to 98 in future.

10. In response Assistant Director of Leisure and Cultural Services (Administration) said that whether the space on the second floor of the proposed building could be converted for use by SSSU in future was subject to the then operational needs of LCSD, as well as whether the Government Property Agency could make other alternative arrangements to accommodate LCSD's demand for office space.

11. Under Secretary for Home Affairs ("USHA") said that utmost efforts would be made to follow up on members' suggestions on space allocation. He added that the partitioning of the proposed SSSU was flexible, and appropriate fine-tuning was possible when such needs arose, so as to increase the supply of shelter places.

Support facilities and overall design

12. Ms Claudia MO and Mr LEUNG Yiu-chung expressed concern over the intended arrangement of continuing to use bunk beds in the reprovisioned SSSU. Regarding the facilities inside the reprovisioned SSSU, Mr LEUNG asked the Administration:

- (a) whether, in addition to the multi-purpose room, a dining room or other venues were available for residents to sit and dine;
- (b) whether the shower rooms on the fourth floor as shown on the floor plan were intended to be used by residents of SSSU;
- (c) whether a separate kitchen would be provided for use by the staff of SSSU; and
- (d) what measures were in place to facilitate street sleepers with mobility impairment to use the bunk beds.

13. USHA responded that:

- (a) having regard to the number of shelter places required to be provided in the reprovisioned SSSU, the use of bunk beds was found appropriate;
- (b) various means would be explored to facilitate the use of bunk beds by residents, such as taking it into account when making procurement decisions. The operator would, as far as possible, allow elderly residents or residents with mobility impairment to enjoy priority in using the lower bunks;
- (c) a multi-purpose room and a kitchen were provided on the third floor of the proposed building for use by service users who could have meals inside the common room or the multi-purpose room. Such facilities were also provided in the existing SSSU;
- (d) shower facilities were installed inside the male toilets on the fourth floor for use by residents of the SSSU; and
- (e) caretakers were required to stay in the dormitory after opening hours in order to manage the SSSU, therefore caretaker's quarters, as well as toilets with showers and a kitchen were provided on the fourth floor for staff use, so as to meet the needs of staff.

14. Mr LEUNG Yiu-chung said that even if co-locating RCPs and SSSUs in the same building was inevitable, he hoped that the entrances/exits of the two facilities, as well as their staircases and lifts/elevators could be separated. Dr CHIANG Lai-wan enquired whether the entrances/exits of the RCP and the SSSU were facing the same direction. Expressing concern about whether the direction which the windows of the SSSU faced would be affected by the operation of the RCP, she asked whether the design of the building could be further improved.

15. In response, Project Director 3, Architectural Services Department ("PD3/ASD") said that both the entrance of the proposed RCP and the entrance lobby of LCSD's offices faced west, whereas the entrance of the SSSU faced north. In order to reduce the impact of the operation of the RCP on other facilities, the entrance of the RCP had an eight-metre recess from the entrance of LCSD offices. All the floors above the RCP would be equipped with air-conditioning facilities. He added that after taking into account the possibility that other projects would be carried out on the south and north sides of the site in future, the Administration considered it more desirable if windows could face east and west, and this could also bring about the effect of air convection.

16. Mr WU Chi-wai asked whether the rooftop of the proposed building would be open for leisure use by residents of SSSU and other users, and whether it would have green facilities. Mr WU further asked whether the current design of the site foundation had allowed for sufficient load-carrying capacity to cope with future expansion of SSSU when such needs arose, and if not, whether the Administration could consider making suitable adjustment to the foundation design so as to facilitate future expansion.

17. PD3/ASD replied that there would be two podiums with planters on the fourth floor of the proposed building (i.e. dormitory for street sleepers), and these podiums were available for leisure use by residents. There would also be planters and plants on the rooftop, which however was not open to residents. He added that the rooftop was about 500 m² in size, and the current design was adequate for carrying the extra loading arising from opening the rooftop to the public. As to whether the design of the foundation could sustain the extra loading resulting from expansion of the proposed building, assessment could only be made on the basis of the purpose of the expansion. He added that the height limit of the proposed building was 25 m, and according to the current design, there was limited space for upward expansion.

18. Mr CHU Hoi-dick asked whether the Administration would install solar panels on the rooftop of the proposed building, so as to save energy and set a good example. In response, PD3/ASD said that solar panels would be installed on the south side of the rooftop of the proposal building, and the electricity generated could be used to provide hot water for use by the proposed building.

Visit arrangement and other services

19. Ms Claudia MO was concerned about the visit arrangements adopted by the SSSU. She asked whether visitors were allowed to visit residents of SSSU or give food to them, and whether the freedom of movement of residents would be restricted.

20. Acting Assistant Director of Social Welfare (Family and Child Welfare) ("Acting ADSW(FCW)") said that the proposed SSSU only provided night accommodation to street sleepers, with opening hours from 6:00 pm to 9:00 am on the following day, and street sleepers must leave SSSU during the daytime. As for the arrangement of visiting residents or giving food to them, it depended on the agreement between the SSSU operator and its residents, having regard to operational and security needs.

21. Dr CHIANG Lai-wan and Dr Helena WONG were concerned about the adequacy of the services provided by organizations providing accommodation places for female street sleepers in Hong Kong. Dr Helena WONG enquired:

- (a) whether the reprovisioned SSSU would provide accommodation for female street sleepers;
- (b) in case the proposed SSSU did not provide accommodation for female street sleepers, why a female toilet was provided on the third floor of the SSSU; and
- (c) about the number of female street sleepers in Hong Kong, and the number of shelter places supplied by the SSSUs which provided accommodation for female street sleepers.

22. Acting ADSW(FCW) explained that:

- (a) the proposed SSSU was situated on the fourth floor, and would provide accommodation for male street sleepers only. As a daytime activity centre for the Integrated Services Team for Street Sleepers was provided on the third floor, and the clients of the outreaching services provided by the Team included female street sleepers, a female toilet was provided on the third floor;
- (b) according to the Administration's records, the number of registered street sleepers in Hong Kong was 1 023, of which 88 were female;
- (c) the Street Sleepers' Shelter Society Trustees Incorporated ("SSSSTI"), which would operate the proposed SSSU, was operating two SSSUs that provided accommodation for female street sleepers in Sham Shui Po and Wan Chai, and these SSSUs provided a total of 46 shelter places;
- (d) there was another service organization in Yau Ma Tei which operated SSSU that provided accommodation for female street sleepers, providing 42 shelter places, and the occupancy rate of the SSSU was about 80% at present; and
- (e) in Hong Kong, a total of 169 shelter places were offered by organizations providing shelter services for female street sleepers.

23. Mr SHIU Ka-fai expressed support for the project. He considered that the allocation of office space for civil servants inside the proposed building spoke for itself that the Administration did not intentionally put street sleepers in a place of poor environment. He also understood the need for SSDU operators to put in place reasonable access restrictions for visitors and residents. He hoped that the project could be approved as soon as possible.

Design and handling capacity of the proposed refuse collection point

24. Mr CHU Hoi-dick enquired about:

- (a) the basis for estimating that the designed capacity of the proposed RCP would be 50 tonnes daily; and

- (b) whether various policy bureaux responsible for formulating environmental policies had participated in estimating the designed capacity of the proposed RCP. Mr CHU considered that if the environmental management efforts or waste reduction policies adopted by the relevant bureaux were expected to be effective, the amount of refuse needed to be handled by the proposed RCP should be less than the amount (same as 50 tonnes) currently being handled by the Shanghai Street RCP.

25. In response, Assistant Director of Food and Environmental Hygiene (Operations)2 ("ADFEH(O)2") said that the designed capacity of the reprovisioned RCP was estimated to be 50 tonnes daily, having regard to the service area of the proposed RCP upon completion, its anticipated development, population growth, increase in the amount of refuse generated, and the daily amount of refuse currently received by the Shanghai Street RCP from refuse collection vehicles ("RCVs"), as well as the number of RCV trips to and from the Shanghai Street RCP. The amount was on a par with the amount of refuse currently handled by the Shanghai Street RCP. He added that the Shanghai Street RCP was already fully loaded.

26. Mr WU Chi-wai enquired whether the refuse collection and recyclables collection facilities at existing RCPs of the Food and Environmental Hygiene Department ("FEHD") were managed by FEHD, and if not, how the services were outsourced and operated. Mr WU requested the Administration to cite actual examples to illustrate the case.

27. In response, ADFEH(O)2 said that, as far as the Shanghai Street RCP was concerned, FEHD was responsible for collecting and transporting refuse to the RCP, while recyclables collection service was operated by a contractor. The arrangement for the proposed RCP would be finalized at a later stage.

[*Post-meeting note:* The supplementary information provided by the Administration was circulated to members vide LC Paper No. FC45/17-18 on 14 November 2017.]

28. Mr LEUNG Yiu-chung expressed concern over the following situations:

- (a) environmental hygiene problems caused by refuse (especially rotten fruits from the nearby fruit market) dumped at the entrance of the RCP; and
- (b) site run-off nuisances caused by the cleaning of the RCP.

29. ADFEH(O)2 replied that the design of the sewage pipes inside the proposed RCP, as well as the floor being tilted slightly inwards, would help reduce the site run-off nuisances caused by the RCP. Noting the possibility that refuse might be dumped outside the RCP, the Administration would address the problem through law enforcement and extension of RCP's opening hours.

Completion date and project cost of the proposed project

30. Dr CHIANG Lai-wan enquired about the anticipated completion date of the reprovisioned SSSU, and whether the SSSU could commence operation before the SSDU on Shanghai Street was demolished.

31. USHA said that if FC approved the funding proposal, the Administration planned to conduct tendering exercise for the project in December 2017, and construction works would begin in the third quarter of 2018. The project was expected to be completed in the fourth quarter of 2020. He confirmed that demolition of the existing SSSU on Shanghai Street would only commence after the reprovisioned SSSU had commenced operation and users of existing SSSU on Shanghai Street had moved into the new SSSU.

32. Mr YIU Si-wing noted that in response to the concerns raised by members, a number of revisions had been made to the proposed project, including the installation of air-conditioning and the allocation of space. He enquired about:

- (a) the increase in the project costs of the proposed project arising from these revisions;
- (b) whether the installation of air-conditioning would become a precedent for co-locating obnoxious facilities and social welfare facilities in the same building; and

- (c) whether the Administration would bear the costs for the replacement of the air-conditioning system, if such needs arose in future.

33. PD3/ASD replied that:

- (a) sufficient power supply facilities and space had been reserved in the new SSSU for installation of air-conditioning, and the costs relating to such power supply facilities only accounted for a very small percentage of the costs of the entire project;
- (b) it was estimated that eight split-type air-conditioners were required for the installation of air-conditioning in the new SSSU, with the total price ranging from \$150,000 to \$200,000; and
- (c) when the proposed project was submitted to the Legislative Council ("LegCo") in 2014 for funding approval, the estimated cost of the project in September 2013 prices was more than \$140 million. As two additional floors were proposed to be constructed under the project in 2017, the estimated cost of the project in September 2017 prices had increased to more than \$190 million.

34. In response, Acting ADSW(FCW) said that:

- (a) given that under the proposed project, the SSSU and the RCP were co-located in the same building, discretion had been exercised to address the special circumstances surrounding this project. As such, the installation of air-conditioning would not become an established practice in future;
- (b) co-location of social welfare facilities and obnoxious facilities would be avoided as far as possible; and
- (c) SSSSTI would seek funding from the Lotteries Fund to purchase and install air-conditioning for the proposed SSSU. If the air-conditioning system needed replacement in the future, the SSSU operator could also seek the required funding from the Lotteries Fund again.

Concerns over the environment in the vicinity of the street sleepers' services units

35. Mr SHIU Ka-chun requested a meeting between the Administration and himself, together with representatives from various concern groups for street sleepers, for the purpose of discussing the implementation of a street sleepers-friendly policy, as well as improvement of the pedestrian crossing facilities near the SSSU, including lengthening the pedestrian green light duration and repairing the road surface in the vicinity of the SSSU.

36. USHA said that he would follow up on Mr SHIU Ka-chun's request, and would relay Mr SHIU's views to the Transport Department and the Highways Department.

Other concerns

37. Mr MA Fung-kwok said that it was unacceptable that the repeated delays of the project had resulted in the procrastination of phase II development of the YMTT project. He enquired about:

- (a) the planning progress of phase II development of the YMTT project subsequent to the granting of approval for the present funding proposal;
- (b) whether phase II development of the YMTT project could interface with the existing YMTT, given that by the time when phase II development of the YMTT project was completed, YMTT would have been used for some years and might need large-scale repairs and improvement; and
- (c) having regard to the imminent completion of the Xiqu Centre in the West Kowloon Cultural District ("WKCD"), the positioning of existing venues for opera performances (such as YMTT, Ko Shan Theatre, etc.) and that of the Xiqu Centre, as clarified by the Administration. He also enquired about the utilization rate of the existing YMTT.

38. USHA said that:

- (a) design for phase II development of the YMTT project had commenced, and the relevant Panel(s) would be consulted in due course;

- (b) the Administration noted members' concerns over the quality of the existing hardware in YMTT ;
- (c) the existing occupancy rate of YMTT had reached saturation, and nearly half of the hiring applications had been turned down; and
- (d) as for positioning, the existing YMTT and the proposed phase II development of YMTT would join hands with Ko Shan Theatre in playing the main function of being a centre for nurturing new talents in Cantonese opera, whereas the Xiqu Centre in WKCD, which would soon be completed and commissioned, would become a world-class art venue specifically for large-scale opera performances (including Cantonese opera). The positioning and roles of these venues did not conflict with one another, and the Administration would examine the positioning and functions of these venues in due course.

39. Mr Michael TIEN said that some street sleepers had complained to him that social workers had not been able to refer them to social welfare agencies providing long-term accommodation during their stay in SSSUs, and that after the six-month stay in SSDUs, some street sleepers were forced to revert to street sleeping. In light of this situation, he asked whether the Administration would consider extending the length of stay for street sleepers in SSSUs from six months to one year. Mr LEUNG Yiu-chung expressed the same concern. Mr TIEN enquired about the respective proportions of street sleepers who were offered long-term accommodation and those who reverted to street sleeping, after the six-month free stay in SSSUs.

40. In response, Acting ADSW(FCW) said that:

- (a) under the existing policy, the accommodation provided by subvented SSSUs generally lasted for a maximum of six months;
- (b) during that period, social workers would keep close contacts with the service users, and rendered follow-up service on their long-term accommodation plan having regard to individual needs;

- (c) if an individual case merited the extension of stay in SSSUs to beyond six months, the social worker concerned might discuss with the SSSU operator on exercising the discretion of extending the duration of stay of the street sleeper concerned in SSSU;
- (d) according to her understanding, all organizations providing short-term accommodation places to street sleepers would handle the aforesaid situation in a flexible manner; and
- (e) in a nutshell, the provision of subvented accommodation services for street sleepers aimed to address their emergency and short-term accommodation needs. It was also the intention of the Administration that such accommodation places should have turnovers.

[*Post-meeting note:* The supplementary information provided by the Administration was circulated to members vide LC Paper No. FC45/17-18 on 14 November 2017.]

Voting on FCR(2017-18)27A

41. There being no further questions from members on this item, the Chairman put item FCR(2017-18)27A to vote. At the request of members, the Chairman ordered a division. The Chairman declared that 37 members voted in favour of and 1 member voted against the item, and 1 member abstained from voting. The votes of individual members were as follows:

For:

Prof Joseph LEE
Mr WONG Ting-kwong
Dr Priscilla LEUNG
Mrs Regina IP
Mr Steven HO
Mr WU Chi-wai
Mr MA Fung-kwok
Mr CHAN Han-pan
Ms Alice MAK
Mr IP Kin-yuen
Mr POON Siu-ping
Mr Alvin YEUNG
Mr LAM Cheuk-ting

Mr Jeffrey LAM
Ms Starry LEE
Mr WONG Kwok-kin
Ms Claudia MO
Mr Frankie YICK
Mr YIU Si-wing
Mr Charles Peter MOK
Mr LEUNG Che-cheung
Mr KWOK Wai-keung
Dr Elizabeth QUAT
Dr CHIANG Lai-wan
Mr CHU Hoi-dick
Mr Holden CHOW

Mr SHIU Ka-fai
Mr Wilson OR
Mr CHAN Chun-ying
Mr CHEUNG Kwok-kwan
Mr LAU Kwok-fan
Mr Jeremy TAM
(37 members)

Mr SHIU Ka-chun
Ms YUNG Hoi-yan
Ms Tanya CHAN
Mr LUK Chung-hung
Mr Kenneth LAU

Against:

Dr CHENG Chung-tai
(1 member)

Abstained:

Mr CHAN Chi-chuen
(1 member)

42. The Chairman declared that the item was approved.

**Item 2 — FCR(2017-18)20
2017-18 CIVIL SERVICE PAY ADJUSTMENT**

43. The Chairman said that this item invited FC to approve:

- (a) with effect from 1 April 2017, the following adjustments to the civil service pay scales arising from the 2017-2018 civil service pay adjustment:
 - (i) an increase of 1.88% in the dollar value of the pay points in the directorate and upper salary band subject to the proviso that no dollar value of any pay point in the upper salary band should be less than \$67,270; and
 - (ii) an increase of 2.94% in the dollar value of the pay points in the middle and lower salary bands;
- (b) corresponding adjustments to the provisions for aided schools;
- (c) corresponding adjustments to the provisions for the Independent Commission Against Corruption; and
- (d) corresponding adjustments to subventions which were price-adjusted on the basis of formulae that included a factor on civil service pay adjustment.

On 19 June 2017, the Civil Service Bureau consulted the Panel on Public Service on the proposal.

44. At the invitation of the Chairman, Mr POON Siu-ping, Chairman of the Panel on Public Service, briefed members on the salient points of the Panel's discussion as set out in the ensuing paragraph.

45. Mr POON Siu-ping said that the Panel discussed "2017-2018 Civil Service Pay Adjustment" at its meeting held on 19 June 2017. Members were generally not opposed to the pay offers for 2017-2018. They noted that the Government's offer had already included the net pay trend indicators ("PTIs") plus 0.5%, and aligned the pay adjustment for the lower salary band with that for the middle salary band. Some members considered that deducting "payroll cost of increments" ("PCIs") from the gross PTIs in order to obtain the net PTIs, was an arrangement unfair to the civil servants who had reached the maximum pay point of the pay scale of their ranks. In response, the Administration said that in adjusting upwards civil servants' salaries for 2017-2018, an extra 0.5% was added on top of the net PTIs, and this proved that the current civil service pay adjustment mechanism was flexible enough to cater for specific circumstances of each year. Furthermore, regarding PCIs deduction, the Administration said that as private sector in-scale increment and merit pay were included in the computation of gross PTIs from the Pay Trend Survey ("PTS"), it was appropriate to deduct PCIs from gross PTIs for fairness. Mr POON Siu-ping hoped that FC could approve the item as soon as possible.

Proposed pay adjustment rates and effective date

46. Members who spoke on the item generally expressed support for the item. Some members, including Ms YUNG Hoi-yan, Dr CHIANG Lai-wan and Mr LUK Chung-hung, considered the rate of increase too low. Dr Fernando CHEUNG advised that the Administration should pay attention to the problem of the pay differential of more than 23 times among various civil service grades. In addition, Dr CHEUNG requested the Administration to provide a comparison of the median wages of civil servants, broken down by the categorization listed below, to illustrate the pay gaps among civil servants:

- (a) male and female (in the same department and of the same grade);
- (b) ethnic minorities and non-ethnic minorities; and
- (c) persons with or without disabilities.

[*Post-meeting note:* The supplementary information provided by the Administration was circulated to members vide LC Paper No. FC203/17-18(01) on 22 March 2018.]

47. Dr CHIANG Lai-wan expressed support for the item. She asked when the Administration would make the back-payments if the funding proposal was approved. Dr Elizabeth QUAT also expressed similar concern. Secretary for the Civil Service ("SCS") confirmed that after the item was approved, the adjusted salaries and the "back-payments" (with retrospective effect from 1 April 2017) would be paid to civil servants by the end of November 2017. He added that this item was originally placed on the agenda of FC's last-day meeting in the 2016-2017 legislative session, but FC was unable to commence its deliberation on the item on that day.

[*Post-meeting note:* the adjusted salaries and the "back-payments" were paid to civil servants by The Treasury on 29 November 2017.]

Civil service pay adjustment mechanism

48. Ms YUNG Hoi-yan and Mr KWOK Wai-keung said that all civil service staff unions/associations, including the Police Force Council and the Senior Government Officers Association, had demanded that the Administration should cease deducting PCIs from gross PTIs. They enquired about the position of the Administration on this issue. Mr KWOK suggested that private sector merit pay might be excluded from other remuneration arrangements in the computation process, so that deduction of PCIs would not have to be applied to civil servants who had reached the maximum pay point of the pay scale of their ranks during the annual pay adjustment exercise.

49. SCS explained that when carrying out the annual PTS, the Administration had taken into account the pay adjustment for private sector employees resulting from merit pay and in-scale increment. Therefore, as a balancing factor, the Administration had to deduct the PCIs for civil servants in the relevant salary bands from gross PTIs. Mr KWOK's suggestion was operationally infeasible as most companies participating in PTS could not furnish broken-down data on the amount of pay adjustment resulting from merit pay and in-scale increment. Furthermore, the deduction of PCIs was for the purpose of offsetting the special merit pay that should not have been included in gross PTIs. Therefore, the deduction of PCIs should also apply to all civil servants.

50. Mr KWOK Wai-keung pointed out that:
- (a) the Starting Salaries Survey conducted by the Administration in 2015 indicated that the benchmark pay for Qualification Group 8 (i.e. the Degree and Related Grades) in the civil service differed from the starting pay for similar positions in the private sector by 15%; and
 - (b) the Pay Level Survey conducted in 2013 also found that the civil service pay indicators for four of the five Job Levels in the Survey were lower than the private sector pay indicators by two to eight percentage points.

Mr KWOK expressed concern about the impact of the above-mentioned situations on attracting new blood to and retaining talents in the civil service. He enquired about the counter measures to be adopted to cope with such a situation.

51. SCS responded that the Administration had already invited the Standing Commission on Civil Services Salaries and Conditions of Service ("the Standing Commission") to carry out a review of the two surveys. The Standing Commission had already invited the staff sides of the four central consultative councils, as well as the four major service-wide staff unions to provide views on the contents of the review. The findings of the Standing Commission's review of the two surveys would be announced in a timely manner, and the next round of surveys would be carried out after taking into account such review findings. He said that an established mechanism had been put in place for civil service pay adjustment, i.e. PTS was conducted once every year, the Starting Salaries Survey was conducted once every three years, and the Pay Level Survey was conducted once every six years. The purpose of conducting these surveys was to maintain broad comparability between civil service and private sector pay.

Morale of the civil service

52. Ms YUNG Hoi-yan supported this item. She said that the staff sides of the four central consultative councils were generally dissatisfied with the pay increases which were considered too low. Ms YUNG said that in recent years the civil service, the disciplined services in particular, were faced with the problems of heavy workload, severe manpower shortage, and mounting work pressure. She considered that pay adjustment based on the existing mechanism alone could no longer boost the morale of the civil service or alleviate their work pressure. She asked

whether the Administration would review the entire pay adjustment system and introduce other measures to solve the above-mentioned problems.

53. Mr Jeffrey LAM expressed concern over the work pressure faced by the disciplined services in recent years. He asked how the Administration would provide a better remuneration package for civil servants under the current mechanism.

54. In response, SCS said that when the Administration and the Chief Executive in Council considered annual pay adjustment, the morale of the civil service had always been one of the relevant factors. Noting the manpower shortage problem being experienced by some departments, he said that the Chief Executive had, in the Policy Address, also put forward measures to increase manpower, and it was expected that the civil service establishment would grow by not less than 3% in 2018-2019. In addition, the Chief Executive also planned to establish a civil service college, so as to enhance the sense of belonging and mission among civil servants. The Administration had also established a Commendation Award Scheme to give recognition to civil servants for their exemplary performance, so as to boost the morale of the civil service. He stressed that matters involving the benefits and conditions of service for civil servants would be handled on equal footing.

Handling of pay adjustment by subvented bodies

55. Mrs Regina IP asked how the Administration would ensure that the subvented bodies, after receiving the additional payment, would make back-payments correspondingly to the employees who were to be benefited under the current pay adjustment exercise.

56. Regarding those staff members who, albeit being in service in the subvented sector after 1 April 2017, had departed or retired before the passing of the current civil service pay adjustment proposal, Mr IP Kin-yuen asked whether they were eligible to receive back-payments of salary differences arising from the adjustment. He was also concerned about the way in which contract staff in government departments and subvented bodies were handled. He learned that some organizations had withheld the back-payments of salary differences for departed employees. Mr KWOK Wai-keung also said that some departed staff members had the same experience. Mr IP urged the Administration to submit to FC at an early date next year the funding proposal for civil service pay adjustment, so as to avoid the situation whereby departed employees could not receive back-payments of salary differences arising from the adjustment.

57. In response, SCS said that according to the established mechanism, whenever civil servants received annual pay adjustment, the Administration would also make corresponding adjustments to subventions which were price-adjusted on the basis of formulae that included a factor on civil service pay adjustment. He pointed out that staff remuneration was a matter between the organization concerned as an employer and its employees, and the Administration would not be involved in determining or adjusting the remuneration of employees in subvented bodies. However, the Administration would, through the controlling officers of the policy bureaux or departments responsible for supervising these subvented bodies (i.e. Secretaries of bureaux or heads of departments), remind the subvented bodies that the back-payment was allocated to them as result of the annual civil service pay increase. As for the situation mentioned by Mr IP Kin-yuen, the Administration' understanding was that there were not many cases in which employees could not receive their "back-payments" because they had left their jobs. As for the contract staff employed by the Government, department heads were given room to handle their contractual employment system (including the pay adjustment mechanism) in a flexible manner. Department heads might review the remuneration of contract staff as appropriate at different times of a year. According to his understanding, not few employment agreements of contract staff hired by the Government had already incorporated the component of pay adjustment, and therefore some contract staff had already obtained timely pay adjustment. The Administration would endeavor to submit the relevant funding proposal to FC as early as possible next year, so as to reduce the number of civil servants and other persons that would be affected.

58. Mr CHU Hoi-dick pointed out that the annual increase in the operating expenses of the offices of LegCo Members was about 1.5%, and he believed that the pay adjustment for Members' assistants would be lower than the pay increase proposed for the civil service. Mr CHU said that as LegCo's expenses were part of the Budget, he wondered whether the Administration would consider linking the pay for Members' assistants to the pay increase for civil servants.

59. SCS said that LegCo's expenses were borne by the Administration, but Members' assistants were not civil servants. Issues relating to the remuneration of Members' assistants might have to be handled by the controlling officer of The Legislative Council Commission, i.e. the Secretary General of the Legislative Council Secretariat.

Civil servants faced with the pressure of housing expenses

60. Mr LAM Cheuk-ting supported the funding proposal. He expressed concern about the pressure of housing expenses faced by junior civil servants, especially the younger rank and file staff of the disciplined services. He pointed out that even if they had received pay adjustment, the quality of housing benefits provided for frontline personnel was inferior to that for junior civil servants in the past due to the implementation of the Well-off Tenants Policies for public rental housing ("PRH") and high property prices and rents. Mr LAM urged the Administration to examine and improve the housing benefits policy for junior civil servants, especially the policy of providing quarters to the frontline staff of the disciplined services.

61. Mrs Regina IP pointed out that the waiting time for disciplined services personnel to be provided with quarters was too long, leading to the situation that when they were provided with the quarters, many of them had almost reached the maximum pay point of the pay scale of their ranks and they had to move out of the quarters after a very short stay. Dr Elizabeth QUAT expressed similar concerns. They requested the Administration to make the utmost effort to solve the problem in this regard.

62. Dr CHIANG Lai-wan said that some soon-to- retire civil servants were not allocated PRH units in a timely manner. Mr WU Chi-wai said that there were cases where soon-to- retire civil servants on the waiting list for PRH units were informed that they were ineligible to apply for PRH on the one hand, but were asked to move out of the quarters by their departments as a result of retirement on the other. Mr WU asked whether the Administration would exercise discretion and handle this kind of cases in a flexible manner.

63. In response, SCS said that the Administration had always maintained communication with civil servants of various grades in order to understand their needs. The Administration had endeavoured to identify sites to build more married quarters for disciplined services personnel, with a view to shortening their waiting time for quarters. The Administration would continue to strive from the Housing Authority for increased PRH quota for civil servants so that more PRH units might be allocated to eligible applicants. According to the Administration' understanding, in terms of application for PRH units, soon-to- retire civil servants had an edge over other serving civil servants. He welcomed the opportunity to discuss individual cases with Mr WU Chi-wai outside the meeting.

Grade structure reviews for the disciplined services

64. Mrs Regina IP expressed concern over staff wastage in various disciplined services. Mrs Regina IP and Dr Elizabeth QUAT considered that it was the right time for the Administration to conduct grade structure reviews for the disciplined services. They said that the reviews should also examine the issue of housing benefits for disciplined services personnel, and that the last grade structure review was conducted 10 years ago.

65. Mr LUK Chung-hung considered that grade structure reviews were urgently required for the Fire Services Department and the lifeguard grade. Mr LUK pointed out that the job nature of the former was to cater to emergencies which entailed a higher degree of risks, so reason would dictate that it deserved better remuneration packages. As for the latter, retention difficulty had always been an issue. Mr LUK considered that the Civil Service Bureau was duty-bound to carry out grade structure reviews for the two.

66. Regarding the need for carrying out grade structure reviews for the disciplined services, SCS said that according to the decision of the Executive Council, when an individual grade had proven and persistent recruitment and retention problems, or significant changes in its job nature, the Administration would consider whether a grade structure review would be conducted for that grade. The overall situation of wastage of disciplined services personnel was not serious, but the Administration would continue to study the demand for a grade structure review for the disciplined services. Constant dialogue would be maintained with the relevant policy bureaux, and with the management and staff sides of various disciplined services departments in examining feasible options. In addition, given that LCSD was in a better position to study the manpower and work conditions of the lifeguard grade, he considered that it would be more desirable for LCSD to assess the necessity to conduct a grade structure review for the lifeguard grade in the first place. Requests for grade structure reviews made by individual grades would be handled according to established criteria.

Other concerns

67. Dr CHIANG Lai-wan and Dr Elizabeth QUAT requested that Chinese medicine services be included in the medical benefits for civil servants. Mr KWOK Wai-keung enquired about the reasons why there had been no review of the arrangement for enhancing the provision of

paternity leave in the civil service since 2012, and said that he would request the relevant Panel(s) to follow up on the matter. SCS responded that the Food and Health Bureau was still exploring the role and positioning of Chinese medicine services in the public healthcare system, and the Civil Service Bureau would pay close attention to the possible impacts on civil service medical benefits to be brought about by the development. The Administration would review the policy of paternity leave in the civil service in a timely manner, and there was no plan at present to increase the number of paternity leave days.

68. Mr WU Chi-wai pointed out that it was indicated in the Policy Address that the expected growth of the civil service establishment would be not less than 3% in 2018-2019. Mr WU asked whether the proposed policy would focus on absorbing the contract staff currently in service in the Government. SCS said that details of the policy would be elaborated in the Budget, including converting the non-civil service contract posts which were identified as having long-term service needs into civil service posts.

69. Dr Elizabeth QUAT requested the Administration to standardize the retirement age for disciplined services personnel, so as to tackle the upcoming wave of retirement as well as the shortage or wastage of experienced personnel in the disciplined services. SCS said that the retirement age for civil servants joining the Government at different times varied. In order to provide flexibility for meeting the manpower requirements of departments, the Government had implemented a series of flexible measures for extending the service of civil servants, including introducing the Post-retirement Service Contract Scheme, revising arrangements for processing applications for final extension of service, and adjusting the mechanism on further employment to retain civil servants beyond retirement age for a longer duration. These initiatives could provide flexibility to address the actual and operational needs of individual departments/grades, as well as various conditions such as succession arrangements, so as to ensure the quality of public service. In addition, the Chief Executive announced in the 2017 Policy Address that the Government had re-examined the issue and agreed that disciplined services personnel joining the Government between 1 June 2000 and 31 May 2015 would be allowed to choose to retire at 60, while civilian staff might choose to retire at 65.

Voting on FCR(2017-18)20

70. There being no further questions from members, the Chairman put item FCR(2017-18)20 to vote. The Chairman declared that the majority of the members present and voting were in favour of the item. The item was approved.

Any other business

71. The Chairman left the conference room at 5:29 pm, and returned at 5:37 pm. During this period, the Deputy Chairman presided over the meeting. At 7:06 pm, the Chairman declared that the meeting be extended for 15 minutes.

72. The meeting ended at 7:34 pm.

Legislative Council Secretariat

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