

立法會
Legislative Council

LC Paper No. FC160/99-00
(These minutes have been seen
by the Administration and
cleared by the Chairman)

Ref : CB1/F/1/2

Finance Committee of the Legislative Council

**Minutes of the 15th meeting
held at the Legislative Council Chamber
on Friday, 23 June 2000, at 2:30 pm**

Members present:

Hon CHAN Kam-lam (Deputy Chairman)
Hon Kenneth TING Woo-shou, JP
Hon David CHU Yu-lin
Hon HO Sai-chu, SBS, JP
Hon Cyd HO Sau-lan
Hon Edward HO Sing-tin, SBS, JP
Hon Michael HO Mun-ka
Ir Dr Hon Raymond HO Chung-tai, JP
Hon LEE Wing-tat
Hon LEE Cheuk-yan
Hon Martin LEE Chu-ming, SC, JP
Hon Eric LI Ka-cheung, JP
Hon LEE Kai-ming, SBS, JP
Hon Fred LI Wah-ming, JP
Dr Hon LUI Ming-wah, JP
Hon NG Leung-sing
Prof Hon NG Ching-fai
Hon Margaret NG
Hon Mrs Selina CHOW LIANG Shuk-ye, JP
Hon MA Fung-kwok
Hon James TO Kun-sun
Hon CHEUNG Man-kwong
Hon HUI Cheung-ching
Hon Christine LOH
Hon CHAN Kwok-keung
Hon CHAN Yuen-han
Hon Bernard CHAN

Hon CHAN Wing-chan
Hon Mrs Sophie LEUNG LAU Yau-fun, JP
Hon LEUNG Yiu-chung
Hon Gary CHENG Kai-nam, JP
Hon SIN Chung-kai
Hon Andrew WONG Wang-fat, JP
Hon WONG Yung-kan
Hon Jasper TSANG Yok-sing, JP
Hon Howard YOUNG, JP
Dr Hon YEUNG Sum
Hon YEUNG Yiu-chung
Hon LAU Chin-shek, JP
Hon LAU Kong-wah
Hon LAU Wong-fat, GBS, JP
Hon Ambrose LAU Hon-chuen, JP
Hon Emily LAU Wai-hing, JP
Hon CHOY So-yuk
Hon Andrew CHENG Kar-foo
Hon SZETO Wah
Hon Timothy FOK Tsun-ting, SBS, JP
Hon TAM Yiu-chung, GBS, JP
Hon FUNG Chi-kin
Dr Hon TANG Siu-tong, JP

Members absent:

Hon Ronald ARCULLI, JP (Chairman)
Hon James TIEN Pei-chun, JP
Hon Albert HO Chun-yan
Dr Hon David LI Kwok-po, JP
Dr Hon LEONG Che-hung, JP
Dr Hon Philip WONG Yu-hong
Hon Mrs Miriam LAU Kin-yea, JP
Hon LAW Chi-kwong, JP

Public officers attending:

Miss Denise YUE, JP
Mrs Carrie LAM, JP
Mr K K LAM

Ms Michelle LI

Secretary for the Treasury
Deputy Secretary for the Treasury
Principal Executive Officer (General),
Finance Bureau
Principal Assistant Secretary for Education
and Manpower (1)

Mr Jack CHAN	Deputy Secretary-General, University Grants Committee
Mr CHAN Wing-tak	Chief Technical Adviser, Architectural Services Department
Ms Esther LEUNG	Principal Assistant Secretary for the Treasury
Mr E D'SOUZA, JP Mr CHAU Ho-man	Deputy Commissioner of Inland Revenue Chief Assessor, Inland Revenue Department
Mrs Rosanna MAK	Assistant Director of Information Technology Services (C)
Mr Alex LEE	Chief Systems Manager, Information Technology Services Department
Mr Patrick LI	Principal Assistant Secretary for Education and Manpower (2)
Mr P Y LEUNG Mr S L MA	Senior Assistant Director of Education Principal Education Officer, Education Department
Professor P C WONG	Information Technology Consultant, Education Department
Mr Philip CHAN	Principal Assistant Secretary for Trade and Industry
Mr WONG Sau-pui, Lawrence	Assistant Commissioner of Customs and Excise
Mr Alex MA	Assistant Director of Information Technology Services (D)
Mr J D WILLIS	Controller, Student Financial Assistance Agency
Mr Patrick LAU, JP Mr Paul TANG, JP	Deputy Secretary for Planning and Lands Deputy Secretary for the Environment and Food
Miss Dora FU	Principal Assistant Secretary for the Environment and Food
Mr Terence CHAN	Chief Assistant Secretary (Project Action), Works Bureau
Mr A K PATON Mr CHAN Nai-him	Assistant Director of Lands Principal Land Executive, Lands Department
Mr CHEUNG Man-kwong	Assistant Director of Agriculture, Fisheries and Conservation
Mr SHAM Chun-hung	Senior Fisheries Officer, Agriculture, Fisheries and Conservation Department
Mr Peter WHITESIDE	Chief Geotechnical Engineer, Civil Engineering Department

Clerk in attendance:

Ms Pauline NG

Assistant Secretary General 1

Staff in attendance:

Miss Polly YEUNG

Chief Assistant Secretary (1)3

Ms Anita SIT

Senior Assistant Secretary (1)8

As Mr Ronald ARCULLI, Chairman, was not in Hong Kong, Mr CHAN Kam-lam, Deputy Chairman, chaired the meeting.

Item No. 1 - FCR(2000-01)34

**RECOMMENDATIONS OF THE ESTABLISHMENT
SUBCOMMITTEE MADE ON 31 MAY 2000**

2. The Committee approved the proposal.

Item No. 2 - FCR (2000-01)35

**RECOMMENDATIONS OF THE PUBLIC WORKS SUBCOMMITTEE
MADE ON 7 JUNE 2000**

3. At the request of the Public Works Subcommittee (PWSC) to vote on items PWSC(2000-01) 37, 38 and 48 separately, the Chairman put proposal FCR(2000-01) 35, except PWSC(2000-01)37, 38 and 48, to vote. The Committee approved the proposal.

PWSC(2000-01)37

15EJ

**Student hostel, phase 2 (1 401
places), City University of Hong
Kong**

4. The Committee approved the item.

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PWSC(2000-01)38	41EF	Conversion of Residences Nos. 5 to 9 into 590 student hostel places, Chinese University of Hong Kong
	42EF	Conversion of Residence No. 1 into academic support facilities, Chinese University of Hong Kong

5. The Committee approved the item.

PWSC(2000-01)48	1EN	Development of the campus of the Hong Kong Institute of Education
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6. The Committee approved the item.

Item No. 3 - FCR(2000-01)36

**CAPITAL WORKS RESERVE FUND
HEAD 710 - COMPUTERISATION**

Inland Revenue Department

♦ New Subhead "Implementation of Information Systems Strategy Projects in the Inland Revenue Department"

7. Mr Howard YOUNG enquired whether the 12 projects under the second five-year Information Systems Strategy (ISS) Plan of the Inland Revenue Department (IRD) to be implemented from 1999-2000 to 2003-04 were inter-related, and if so, why the present proposal did not cover all the 12 projects but only three of them. He considered that if the 12 projects were put up in one-go, the Finance Committee (FC) would be in a better position to consider the ISS Plan in its entirety. If approved, all the 12 projects could be taken forward according to an overall implementation plan, thus obviating the risk of holding up the ISS Plan due to subsequent disapproval of any of the 12 projects. Mr YOUNG also enquired about the functions of the Interactive Taxpayer Enquiry Service (ITES), which according to the discussion paper would be separately funded by a block allocation under the Capital Works Reserve Fund (CWRP).

8. In reply, the Deputy Commissioner of Inland Revenue (DC(IR)) confirmed that the 12 projects under the said ISS Plan were closely inter-related. For example, the operation of the ITES would require the support of the new Database Management System proposed such that the information in the latter system could be readily available to taxpayers using the ITES. The present proposal was mainly concerned with the enhancement to the infrastructure systems of IRD to provide the foundation for the implementation

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of the application system projects. Disbursement of funds for the infrastructure projects, subject to the approval of FC, would commence within the current financial year. As and when the other projects of the ISS plan were ready for implementation, the Administration would put up relevant funding proposal(s) in due course. He also informed members that six out of the 12 projects of the ISS Plan would be funded by a block allocation under CWRP as the funding requirements would be within the financial limit of the authority delegated by FC to the Financial Secretary.

9. As regards the ITES, DC(IR) advised that through the system, taxpayers would be able to access their own tax information, such as the amount of tax payable, the due date of tax payments etc. and to ascertain whether their tax returns had been lodged and whether their tax assessments had been issued.

10. Noting from the discussion paper that an additional field audit team in IRD might be able to generate additional revenue (in terms of back tax recovered and penalties) of \$85 million each year, Miss Emily LAU enquired about the basis of this estimate and whether it would be value-for-money to deploy more staff to form additional field audit teams in IRD. In reply, DC(IR) advised that the \$85 million was the average yield of the existing 10 field audit teams in IRD at present and thus was also adopted as the estimated yield of the proposed additional team. As regards the expected yield of further additional field audit teams, he said that presumably, the law of diminishing returns would apply at some point beyond which further additional field audit teams might not generate revenue yield as high as that of the existing teams. Moreover, the overall resource provision for IRD vis-à-vis the service requirements of the department had to be taken into account in considering whether it was cost-effective to deploy more staff to form additional field audit teams. He added that since the establishment of the Field Audit Group in IRD in 1991, the field audit teams had been successful in meeting the relevant target yield for virtually all the past years.

11. Mr LEE Kai-ming sought elaboration on the purported benefit of building a more paperless environment with the implementation of the proposed infrastructure projects of the ISS Plan. In reply, DC(IR) and the Chief Assessor, Inland Revenue Department advised that with the implementation of the Electronic Lodgment Services, the Document Management System and the Workflow Management System which would be developed upon the enhanced infrastructure systems, the public would have the options of lodging tax returns by telephone or through the Internet instead of having to complete tax return forms. Moreover, staff in IRD could work on electronic images instead of paper records in their daily operation. They however remarked that the aforesaid application systems would reduce the consumption of paper mainly in the assessment work relating to salaries tax as the assessment work for profits tax often involved more complicated tax returns and a large amount of supporting documents.

12. The Committee approved the proposal.

Item No. 4 - FCR(2000-01)37

CAPITAL WORKS RESERVE FUND

HEAD 710 - COMPUTERISATION

Education Department

◆ New Subhead "Infrastructure Enhancement Project for Schools and the Education Department"

13. Mr YEUNG Yiu-chung expressed support for the proposal and enquired whether the Administration had considered expanding the School Administration and Management System (SAMS) to cover kindergartens so that the latter could also make use of the applications provided under SAMS for administration purposes and for communication with the Education Department (ED). In reply, the Senior Assistant Director of Education advised that SAMS currently covered public sector secondary and primary schools and local schools under the Direct Subsidy Scheme (DSS). As all local kindergartens were privately operated, there was no plan to expand SAMS to kindergartens at present. The Principal Assistant Secretary for Education and Manpower (2) (PAS(EM)2) supplemented that the current applications of SAMS were designed to assist secondary and primary schools in their administrative and management process and to enable the electronic transmission of information between ED and the schools. For the time being, the applicability of the facilities under SAMS to kindergartens was limited.

14. Mr YEUNG Yiu-chung however stated his view that expanding the SAMS to kindergartens would benefit both kindergartens and the Government. He therefore urged the Administration to actively consider expanding SAMS to kindergartens. The Administration took note of Mr YEUNG's suggestion for consideration.

Admin

15. As to whether the proposed enhancement to SAMS would cover the administrative computer systems of local schools under DSS and whether private schools would have access to SAMS facilities, PAS(EM)2 confirmed that local schools under DSS were allowed to access SAMS facilities at present and the proposed enhancement to SAMS would also cover the administrative computer systems of these schools. He said that this arrangement was in line with the policy that DSS subsidies were calculated on the basis of the average unit cost of aided school places. He further advised that although private schools were not provided access to SAMS at present, upon conversion of SAMS into a web-based application, which formed part of the present proposal, private independent schools could have access to the relevant website(s).

Action

16. Regarding technical support services for schools, PAS(EM)2 advised that the technical support services provided by ED to individual schools at present covered both the computer systems for IT education and those of SAMS. This arrangement would continue after the proposed enhancement work. In reply to Miss Emily LAU's enquiry, PAS(EM)2 confirmed that ED had not received any request from schools for provision of additional staff to operate the applications under SAMS in schools.

17. Miss Emily LAU expressed concern about the availability of computers for use by students during holidays and after school hours upon integration of the computers provided for IT education with those of the SAMS network as currently proposed. In response, PAS(EM)2 advised that in order to promote the use of computers by students, the Government had provided an additional subsidy for schools this year to facilitate the use of computers by students during holidays and after school hours. He assured members that the proposed integration of the SAMS network with the computers designated for IT education would not in any way deprive students of the use of computers, but would enable more effective use of IT resources in schools for both administrative work and teaching and learning activities.

18. The Committee approved the proposal.

Item No. 5 - FCR(2000-01)38

CAPITAL WORKS RESERVE FUND

HEAD 710 - COMPUTERISATION

Customs and Excise Department

♦ New Subhead "Case Processing System"

19. Commending the Customs and Excise Department (C&ED) for its zealous efforts in combating piracy, illicit diesel oil and other illegal activities, Miss Emily LAU enquired about the factors for the upsurge of some 40% in the total pieces of information received by C&ED in 1999.

20. In reply, the Assistant Commissioner of Customs and Excise (AC(CE)) advised that the upsurge was mainly attributable to increased publicity on the work of C&ED. Additional resources for intelligence such as the increase in the scale of reward payable to informants was also another factor. At the request of Miss Emily LAU, AC(CE) would provide further information on the increase in informants' fees after the meeting.

Admin

21. As to why the dissemination of intelligence would still require one day after implementation of the computerized Case Processing System (CAPS), AC(CE) assured members that upon establishment of CAPS, the time required for intelligence dissemination would be considerably reduced from the existing

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four days to within one day, and might even be within a few hours. The period of one day had been put down on the paper as it was the maximum period.

22. The Committee approved the proposal.

Item No. 6 - FCR(2000-01)39

LOAN FUND

HEAD 254 - LOANS TO STUDENTS

♦ Subhead 102 Non-means-tested loan scheme for students of government-funded tertiary institutions, Open University of Hong Kong and Hong Kong Shue Yan College

23. Mr NG Leung-sing expressed support for the proposal. He enquired if there were other colleges to be registered under the Post Secondary Colleges Ordinance (Cap. 320) and hence, included under the Non-means Tested Loan Scheme (NLS) as in the case of Hong Kong Shue Yan College. The Principal Assistant Secretary for Education and Manpower (1) (PAS(EM)1) confirmed that there was another post secondary college currently applying to be registered under the said Ordinance.

24. As regards the 500 000 additional persons who would benefit as a result of the proposed expansion in the ambit of the NLS, PAS(EM)1 advised that the estimated number was made up of the following -

- (a) about 60 000 students enrolled on courses registered or exempted under the Non-local Higher and Professional Education (Regulation) Ordinance (Cap. 493) (NHPE(R)O);
- (b) about 140 000 students attending part-time adult education and post-secondary education courses at registered schools and approved post secondary colleges;
- (c) about 100 000 taking courses of statutory bodies such as the Employees Retraining Board and the Construction Industry Training Authority etc.; and
- (d) some 200 000 students taking courses offered by trade organizations and other continuing education institutions as approved by the Controller, Student Financial Assistance Agency with reference to a set of criteria.

PAS(EM)1 also confirmed that there was no limit on the number of eligible persons who could apply for financial assistance under the NLS.

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25. Miss Cyd HO expressed concern about the quality of the courses offered in Hong Kong by institutions or professional bodies from seven places that were registered/exempted under the NHPE(R)O to which the NLS would be extended. In response PAS(EM)1 advised that as far as quality assurance was concerned, the courses offered by overseas institutions and registered/exempted under the NHPE(R)O must be of a comparable standard to courses run by the institutions concerned in their countries of origin. In enacting the said Ordinance, it was not the intention of the Administration to regulate the courses offered by overseas institutions in Hong Kong with reference to the standard adopted in Hong Kong as persons pursuing these courses might wish to acquire a qualification which was recognized by the overseas country concerned. As far as recognition of individual qualifications in Hong Kong was concerned, PAS(EM)1 remarked that the advice of the Hong Kong Council on Academic Accreditation had to be sought on each case.

Admin

26. Miss Cyd HO requested the Administration to provide supplementary information on the seven places and 170 non-local institutions currently offering courses registered/exempted under the NHPE(R)O. PAS(EM)1 agreed to provide the information and recapitulated that the seven places included the Mainland, USA, UK and Australia.

Admin

27. On loan repayment, Mr LEE Cheuk-yan questioned the justification for imposing a 1.5% risk-adjusted factor on top of the interest set at the Government's no-gain-no-loss rate (currently 2% below the average best lending rate of the note-issuing banks) and whether the rate would be reviewed. In response, PAS(EM)1 re-affirmed the Administration's undertaking that it would review the 1.5% risk-adjusted factor in late 2000 in the light of the loan repayment situation.

28. The Committee approved the proposal.

Item No. 7 - FCR(2000-01)40

CAPITAL WORKS RESERVE FUND

HEAD 701 - LAND ACQUISITION

Ex-gratia allowances for fishermen and mariculturists affected by marine projects in Hong Kong waters

29. The Deputy Secretary for Planning and Lands (DS(PL)) briefed members on the existing and proposed arrangements for payment of ex-gratia allowances (EGAs) to fishermen and mariculturists affected by marine projects in Hong Kong waters and highlighted the following policy considerations-

- (a) Unlike the resumption of land for which compensation was payable to the land owner, there was no corresponding ownership of waters,

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deprivation of which would give rise to statutory compensation. However, in recognition of the losses incurred to fishermen and mariculturists by marine works, the Government had agreed to grant EGAs in accordance with a set of criteria approved by FC in 1993. The present proposal sought to improve some of the existing arrangements on the payment of EGAs.

- (b) Having considered the views of the fishing industry, the Administration had agreed to differentiate between permanent loss (primarily due to reclamation projects) and temporary loss (primarily due to sand dredging or mud disposal projects) by granting EGA equivalent to the notional value of five years' and three years' fish catch for permanent and temporary loss respectively.
- (c) According to the findings of the 1996-97 consultancy study, there was a decline in fish catch due to over-fishing and development but the impact of each of these two factors could not be precisely quantified or apportioned. Notwithstanding, the Administration had decided to continue to use the earlier 1989-91 Port Survey data, which were more favourable for the fishermen, as the basis for calculating EGAs.
- (d) For affected mariculturists, the Administration would adopt a new "proximity test" on top of the existing "suspended solids test" so that irrespective of the concentration of suspended solids, EGAs for the first two years of a marine works project would be payable if the shortest water distance between the boundary of the marine works site and the nearby gazetted fish culture zone was 5 kilometres or less.

30. Mr WONG Yung-kan, as the Legislative Council (LegCo) Member representing the Agriculture and Fisheries Constituency, informed members that fishermen and mariculturists had taken a position on the Government's proposed new EGAs. Fishermen considered the proposed EGA set at five years' fish catch for permanent loss of fishing grounds unfair and unreasonable. Mr WONG pointed out that following reclamation at Penny's Bay, fishing vessels had to sail further afield to fish. The proposed EGA was inadequate to cover additional fuel costs, not to mention the cost for constructing a new vessel for off-shore operations. Fishermen had originally requested that EGA should be based on 20 years' catch after seeing the devastating impact of the Pak Shek Kok reclamation works on fishing grounds. However, following negotiation, the Joint Committee of Hong Kong Fishermen's Organizations had conceded to lowering their request to 10 years' fish catch for permanent loss of fishing grounds.

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31. Mr WONG was dissatisfied with the Government's refusal to understand the extent of loss to be suffered by fishermen by seeing for themselves the rich fish resources in the areas to be affected by marine works. The Government had declined the fishermen's invitation to a site visit but had determined a new EGA without giving regard to the loss of the existing abundance of fish catch in the affected area. Mr WONG drew members' attention to the fact that negotiation was still underway and a case conference held by LegCo Members took place as recent as on 8 June 2000. It was therefore strange that the Administration had finalized its consideration of the subject and put up the present proposal to FC without prior consultation with the fishermen and mariculturists. Mr WONG also stressed that although the total compensation was estimated to be some \$103.8 million, the fishing vessels affected were in the region of 4 200. In view of the implications, the fishing industry were of the view that the Administration should withdraw the present proposal to allow further discussion on the subject.

32. Mr HO Mun-ka said that the data used for calculating the total fish catch was in fact subject to queries. Fishermen had all along questioned the reliability of the data obtained from the 1989-91 Port Survey for the purpose of determining the EGAs. Mr LEE Wing-tat also considered that many of the existing tests adopted by the Administration for granting EGAs were too conservative and lacked supporting proof. He urged the Administration to adopt a more open attitude and be prepared to re-consider its policy stance if the fishermen were able to provide objective and scientific data in support of their request for higher EGAs.

33. In response, DS(PL) pointed out that the "permanent" loss of fishing grounds should be construed more restrictively in that fishermen affected by marine works were at liberty to ply in other areas of Hong Kong waters. He reiterated that the EGAs were not statutory compensation and their payment was discretionary. As the fishermen groups were also unable to provide scientific data to quantify the impact of marine works on fishing grounds, what constituted a fair and reasonable EGA would be very much a matter of subjective judgement. DS(PL) stressed that while the Administration would be prepared to review the subject in the light of new objective findings or changing circumstances, if any, negotiation with fishermen groups had been going on for over two years to no avail. He considered that prolonging the negotiation would be of little practical assistance in resolving the matter. The present proposal had been finalized after very careful study with a view to granting the EGAs to affected fishermen and mariculturists early.

34. Regarding the raising of the EGA for permanent loss of fishing grounds from three years' fish catch to five years', the Assistant Director of Agriculture, Fisheries and Conservation (AD(AF&C)) pointed out that the EGAs were not statutory compensation, but were payable on a discretionary basis to fishermen, having regard to their loss in fish catch in the areas affected by marine works.

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The Administration considered that EGA at the value of five years' fish catch was reasonable. He also said that the operating areas of fishing vessels normally extended beyond the areas affected by marine works.

35. As to how the total value of annual fish catch from an affected area was arrived at, DS(PL) and AD(AF&C) advised that the amount was not a figure estimated by the Administration, but was the total value of annual fish catch from the area as reported by the fishermen themselves in a direct interview. In this connection, Mr Andrew WONG remarked that fishermen might have under-reported their fish catch for fear that taxes might be levied on them.

36. In this regard, the Senior Fisheries Officer, Agriculture, Fisheries and Conservation Department (Sr Fisheries Offr, AF&CD) supplemented that based on the territory-wide 1989-91 Port Survey, a database on the annual value of fish catch as reported by the fishermen themselves in various parts of Hong Kong waters was compiled. The fishermen affected by a particular marine works project could be identified under the existing homeport system. In essence, the amount of EGA payable would depend on the homeport of the affected fishermen, as well as the type and the length of their fishing vessels.

37. On the reasons for using a distance of 5 kilometres in the new proximity test for disbursement of EGAs to mariculturists, Sr Fisheries Offr, AF&CD explained that since FC's approval of the EGA package in 1993, the Administration had handled three cases of EGA to mariculturists affected by sand dredging and the distance between the fish culture zone and the works site was within 5 kilometres. The Administration had therefore decided to adopt the yardstick of 5 kilometres on the basis of the facts of past cases.

38. Mr LEE Kai-ming referred to the case conference held with the Administration and reported that the progress of negotiation was good. He therefore queried the Administration's hasty decision to submit a funding proposal to FC without pursuing the matter further with Members and fishermen groups at the case conference. Mr LEE highlighted the practical difficulties faced by fishermen and mariculturists affected by marine works projects and stressed that EGA, though paid on a discretionary and compassionate basis, should be set at a fair and reasonable level. He welcomed the Administration's concessions on raising the value of fish catch for permanent loss of fishing grounds and on introducing a new proximity test and urged the Administration to withdraw the present proposal for further negotiation with the fishing and mariculturist industry.

39. DS(PL) reiterated that the Administration had held numerous meetings with the industry but it did not seem likely that both parties could reach a consensus despite protracted negotiations. DS(PL) informed members that a registration exercise for EGA payment to inshore fishing vessels affected by marine works had started in March 2000. He also cautioned that as new

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policies normally did not have any retrospective effect, early approval of the present proposal would enable the Administration to put into effect the improved arrangements for EGA payment as soon as possible.

40. Mr Andrew WONG considered that although the present proposal was an improvement over the existing arrangements, the Administration should give further consideration to the concerns of the fishermen and mariculturists. He said that he was prepared to support the present proposal if the Administration could undertake to review the present proposal immediately and come up with a revised proposal early next LegCo session which, if approved by FC, would take retrospective effect from the date of this meeting.

41. In response, the Secretary for the Treasury (S for Tsy) confirmed that from a public finance point of view, retrospective effect of funding arrangements should be avoided as far as possible. She was concerned that both parties might not be able to reach an agreement despite the continuation of negotiation. S for Tsy also considered the present proposal a reasonable package as even to date, there was no objective or scientific data to quantify the impact of marine works on fishing grounds in determining the level of EGA.

42. Mr TAM Yiu-chung shared some members' concern that the present proposal, though an improvement, still fell short of the fishermen's request. Having taken part in the case conference, Mr TAM said that the Administration had not given any firm response to the suggestions and views expressed by the fishermen groups. He considered that decision on the present proposal should be deferred to enable the Administration and fishermen groups to continue their negotiation.

43. Mr LAU Kong-wah concurred that as the present proposal had not been put up for consideration by the affected parties even at the last case conference on 8 June 2000, it should be deferred for further review by the Administration. He also considered that the amount of EGAs at \$103.8 million for some 4 200 fishing vessels too low and should be critically re-examined.

44. Dr YEUNG Sum was of the view that the Administration's proposed arrangements were also arbitrary improvements and therefore, both parties should be given the opportunity for further negotiation.

45. In view of members' concerns, S for Tsy proposed to modify the present proposal by removing item (a) relating to a new EGA at five years' fish catch for permanent loss of fishing grounds for further negotiation between the Administration and fishermen groups with a view to re-submitting it to FC for approval early next session. As the remaining items (b) and (c) were much less controversial, she invited members to support the proposal as modified so that mariculturists who would be affected by marine works in the coming three months could receive EGAs as proposed.

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46. The Chairman invited members' views on S for Tsy's proposed modification.

47. Mr WONG Yung-kan, Mr LEE Kai-ming and Mr TAM Yiu-chung did not support the proposed modification. They considered that it should not take too long to resolve the differences if both parties were keen to reach an agreement and were of the view that it was inappropriate to split the package of proposed EGAs as suggested by S for Tsy.

48. On account of members' views, S for Tsy withdrew the proposal.

49. This being the last FC meeting for the current session, the Chairman thanked members and the Administration for their active participation. A note of thanks was also recorded for Mr Ronald ARCULLI, Chairman of FC.

50. The Committee was adjourned at 4:15 pm.

Legislative Council Secretariat
September 2000