

立法會
Legislative Council

LC Paper No. CB(1) 1968/99-00
(These minutes have been seen
by the Administration and
cleared by the Chairman)

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Legislative Council
Panel on Financial Affairs

Minutes of Special Meeting held on
Thursday, 15 June 2000 at 4:30 pm
in the Chamber of the Legislative Council Building

Members present : Hon Ambrose LAU Hon-chuen, JP (Chairman)
Hon Albert HO Chun-yan
Hon NG Leung-sing
Hon HUI Cheung-ching
Hon Bernard CHAN
Hon SIN Chung-kai
Hon Jasper TSANG Yok-sing, JP
Hon Timothy FOK Tsun-ting, SBS, JP

Members absent : Hon Eric LI Ka-cheung, JP (Deputy Chairman)
Hon James TIEN Pei-chun, JP
Hon LEE Cheuk-yan
Hon Martin LEE Chu-ming, SC, JP
Dr Hon David LI Kwok-po, JP
Hon Ronald ARCULLI, JP
Hon James TO Kun-sun
Hon CHEUNG Man-kwong
Dr Hon Philip WONG Yu-hong
Hon Emily LAU Wai-hing, JP
Hon FUNG Chi-kin

Public officers : For Item I
attending
Mr E T O'CONNELL
Official Receiver (Ag)

Miss Julina CHAN
Principal Assistant Secretary for Financial Services

Mr D F MANNING
Assistant Official Receiver

Mr P W MAK
Assistant Official Receiver

Ms Dora TUNG
Treasury Accountant

Mr Raymond WU
Assistant Secretary for Financial Services

For Item II

Mr M M GLASS
Deputy Secretary for the Treasury (2)

Mr Allen LEUNG
Principle Assistant Secretary for the Treasury

Mr Lawrence S P WONG
Assistant Commissioner of Customs & Excise
(Administration & Excise)

Mr Simon S M WONG
Senior Staff Officer, Customs & Excise Department

Mr Andrew P S KWOK
Senior Treasury Accountant, Customs & Excise
Department

Mr K K MOK
Assistant Commissioner, Rating & Valuation

For Item III

Mr M M GLASS
Deputy Secretary for the Treasury

Miss Maisie CHAN
Assistant Secretary for the Treasury

Mr E D' SOUZA
Deputy Commissioner of the Inland Revenue

Mr P A CHAN
Assistant Commissioner of the Inland Revenue

Mr H M CHAU
Chief Assessor, Inland Revenue Department

Mr Alex LEE
Chief System Manager, Information Technology
Services Department

Clerk in attendance : Ms LEUNG Siu-kum
Chief Assistant Secretary (1)4

Staff in attendance : Ms Connie SZETO
Senior Assistant Secretary (1)1

**I Revision of Government fees and charges under the purview of the
Financial Services Bureau**
(LC Paper No. CB(1) 1834/99-00(01))

At the Chairman's invitation, the Principal Assistant Secretary for Financial Services introduced the paper which sought members' advice on proposals for revision of fees in 2000-01 which did not directly affect people's livelihood or general business activities under the purview of the Official Receiver's Office (ORO) and the Judiciary (JUD). She said that the ORO had proposed to increase fee items in relation to bankruptcy, voluntary arrangement, and winding up proceedings of companies by 10%. The proposed fee increases ranged from \$0.4 to \$1,215. In respect of the JUD, an increase of 8.5% on fees related to bankruptcy and winding-up, as well as money lender license issue had been proposed in order to achieve a cost recovery rate of 100%.

2. On the proposed increase in the ORO's fees in bankruptcy petition cases (i.e. item A(16) in Annex A to the paper), Mr Albert HO Chun-yan said that while he did not oppose to increasing the deposit to be payable by a creditor when presenting a petition on bankruptcy, he had reservation over the proposed increase in fee payable by a debtor. He considered that the existing level of deposit of \$8,650 payable by a debtor was already unaffordable by those suffering from financial hardship, a 10% increase in fees would add further burden on debtors who, apart from paying the deposit, had to pay other related fees when initiating self-petitioning bankruptcies.

3. In response, the Official Receiver (Acting) (OR(Ag)) said that given the nature of the ORO's services, a target cost recovery rate of 60% was set for the Office in 1999. Work undertaken by ORO in self-petitioning bankruptcy service included investigating into and processing bankruptcy cases which was labour intensive and costly. There were also other costs incurred by the ORO, such as charges for gazetting and advertising the bankruptcy order, as well as postal charges. Due to the downturn of Hong Kong economy, there had been a large increase in the number of self-petitioning bankruptcy cases in the past few years. The ORO had been subsidizing heavily on the service. The current requirement for deposits of \$8,650 and of \$12,150 in relation to a petition presented by a debtor and a creditor respectively could hardly achieve the full-cost recovery target. On the concern that the large amount of deposit required from debtors would not be afforded by those who were already in serious financial trouble, OR(Ag) remarked that the ORO had not come across any cases where people had difficulty in providing the required deposit for bankruptcy cases in recent years. The Administration considered that the proposed increase in fees could be afforded by applicants.

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4. Mr Albert HO Chun-yan remained unconvinced. Mr SIN Chung-kai urged the Administration to consider freezing the deposit payable by debtors on self-petitioning bankruptcy cases.

II Revision of Government fees and charges under the purview of the Finance Bureau

(LC Paper No. CB(1) 1834/99-00(02))

5. The Deputy Secretary for Treasury (DS/Tsy) briefed members on the proposals of revising Government fees and charges which did not directly affect people's livelihood or general business activities under the purview of the Finance Bureau. DS/Tsy said that the Administration had proposed phased annual increases in fees ranging from 4% to 20% with reference to the existing cost recovery rates of the fee items. The fee items for revision and the proposed rates of increase were detailed in the information paper.

6. Responding to enquiry about the high level of charge of \$15 per page for photocopying the Bills of Quantities in a tender exercise vis-à-vis that of \$3 to \$5 normally charged by other departments in providing photocopying service, the Principal Assistant Secretary for the Treasury (PAS/Tsy) explained that the photocopying service was provided to tenderers of the lowest three bids who had failed to provide the required number of duplicate copies of a Bill of Quantities in a tender exercise. Due to the importance of and stringent security requirement in handling tender documents, detailed vetting and checking of the photocopies by senior level officers were needed. The high level of charge was attributed to the staff costs incurred for providing the service. PAS/Tsy advised that 11 tenderers had been provided with the service

in 1999 and an average of 40 photocopies was made each time. He added that the Administration had proposed to achieve full-cost recovery for the service by raising the fee level from the current \$15 per page to \$25 in four consecutive years through mild increases of \$2 to \$3 per annum.

7. Mr Albert HO Chun-yan queried the need to increase fees for services provided by the Probate Registry relating to the processing of estates as proposed under the Second Schedule of the High Court Fees Rules in Appendix I to the information paper. He expected that the Probate Registry should have already achieved full-cost recovery in its services through charging the scale fee linking to the net value of an estate which it processed. He remarked that although the proposed increases in fees were mild, the revision was not justified.

8. As regards fees related to application for divorce, Mr Albert HO Chun-yan expressed reservation over the proposed increase in fees under the Matrimonial Causes (Fees) Rules in Appendix I to the information paper. He was of the view that the fees should not be increased as some applicants who were suffering from financial hardship were not eligible for legal aid. He further opined that revision of judiciary fees relating to Family Court should not follow that of other courts.

9. In response, DS/Tsy explained that owing to the diverse nature of the services provided by the various courts and the large number of fee items involved, the Judiciary had since 1989 calculated the cost of its services provided on a global basis where costs were calculated at the departmental level instead of at the individual service level. As such, there was cross subsidization in the costs of judicial services. Costs for and income from various judicial services were taken into account in the calculation of the cost recovery rate of the Judiciary. As a result, regardless of the real costs and income of individual fee item, each had to be revised in line with other items. The global costing approach had been put in place for over ten years and it would be outside the scope of the present fee revision exercise to review the system.

10. Upon request of the Chairman, the Administration agreed to provide further information to address Mr HO's concerns.

(Post-meeting note: The Administration had provided further information addressing Mr HO's concerns. The information was circulated to members vide LC Paper No. CB(1) 1930/99-00 dated 26 June 2000.)

III The Second Five-year Information Systems Strategy of the Inland Revenue Department

(LC Paper No. CB(1) 1834/99-00(03))

11. Members noted the Administration's information paper which sought their views on the Inland Revenue Department (IRD)'s second five-year Information Systems Strategy (ISS) plan covering the period from 1999-2000 to 2003-04. They also noted that the Administration intended to seek the approval of the Finance Committee (FC) for funding three projects under ISS on 23 June 2000.

12. In response to members' enquiry about the timetable for upgrading the existing mainframe computer of and installing new mid-range computers to IRD's computer system under the System Infrastructure Enhancement Project, the Chief Assessor, Inland Revenue Department (CA/IRD) said that if FC approved the funding for the Project on 23 June 2000, the Project would be implemented according to the schedule laid down in Annex B to the Administration's information paper. IRD's upgraded computer system would be capable of meeting the projected processing requirement by December 2000.

13. As regards enhancement of security management of IRD's computer system and network, the Chief System Manager, Information Technology Services Department (CSM/ITSD) advised that the three projects proposed for funding approval would strengthen protection of IRD's system and network from unauthorized access, interception, hacking and virus attack. They would also provide security logging and audit trail. IRD's network would be linked to the Central Internet Gateway system developed by the Government enabling Government users to gain secure access to the Internet through a centrally managed gateway. Moreover, advanced anti-virus software, intrusion detection systems and other security mechanisms would be installed to monitor, detect, and block suspected attack on computer network. In the event of a suspected attack, immediate action would be taken to counter the attack and to alert the affected users. CSM/ITSD added that as IRD's computer network was primarily an internal network without external interfaces, no hacking on the network had happened so far.

IV Any other business

14. This being the last meeting of the Panel in the current Legislative Council session, the Chairman thanked Panel members for their contribution in the past year.

15. The meeting ended at 5:30 pm.

Legislative Council Secretariat

6 July 2000