## 立法會 Legislative Council

LC Paper No. FC35/08-09 (These minutes have been seen by the Administration)

Ref: CB1/F/1/2

## **Finance Committee of the Legislative Council**

Minutes of the 27th meeting held at the Legislative Council Chamber on Friday, 18 July 2008, at 11:05 am

#### **Members present:**

Hon TAM Yiu-chung, GBS, JP (Chairman)

Hon Emily LAU Wai-hing, JP (Deputy Chairman)

Hon James TIEN Pei-chun, GBS, JP

Hon Albert HO Chun-yan

Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP

Hon LEE Cheuk-yan

Hon Martin LEE Chu-ming, SC, JP

Dr Hon David LI Kwok-po, GBM, GBS, JP

Hon Fred LI Wah-ming, JP

Hon Margaret NG

Hon Mrs Selina CHOW LIANG Shuk-yee, GBS, JP

Hon CHEUNG Man-kwong

Hon CHAN Yuen-han, SBS, JP

Hon Bernard CHAN, GBS, JP

Hon CHAN Kam-lam, SBS, JP

Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP

Hon SIN Chung-kai, SBS, JP

Dr Hon Philip WONG Yu-hong, GBS

Hon Howard YOUNG, SBS, JP

Hon LAU Chin-shek, JP

Hon LAU Kong-wah, JP

Hon LAU Wong-fat, GBM, GBS, JP

Hon Miriam LAU Kin-yee, GBS, JP

Hon CHOY So-yuk, JP

Hon Andrew CHENG Kar-foo

Hon Timothy FOK Tsun-ting, GBS, JP

Hon Abraham SHEK Lai-him, SBS, JP

Hon LI Fung-ying, BBS, JP

Hon Tommy CHEUNG Yu-yan, SBS, JP

Hon Albert CHAN Wai-yip

Hon Frederick FUNG Kin-kee, SBS, JP

Hon Audrey EU Yuet-mee, SC, JP

Hon Vincent FANG Kang, SBS, JP

Hon WONG Kwok-hing, MH

Hon LEE Wing-tat

Dr Hon Joseph LEE Kok-long, JP

Hon Daniel LAM Wai-keung, SBS, JP

Hon Jeffrey LAM Kin-fung, SBS, JP

Hon Andrew LEUNG Kwan-yuen, SBS, JP

Hon Alan LEONG Kah-kit, SC

Hon LEUNG Kwok-hung

Dr Hon KWOK Ka-ki

Dr Hon Fernando CHEUNG Chiu-hung

Hon CHEUNG Hok-ming, SBS, JP

Hon WONG Ting-kwong, BBS

Hon Ronny TONG Ka-wah, SC

Prof Hon Patrick LAU Sau-shing, SBS, JP

Hon Albert Jinghan CHENG, JP

Hon KWONG Chi-kin

Hon TAM Heung-man

Hon Mrs Anson CHAN, GBM, JP

#### **Members absent:**

Dr Hon LUI Ming-wah, SBS, JP
Hon James TO Kun-sun
Hon LEUNG Yiu-chung
Hon WONG Yung-kan, SBS, JP
Hon Jasper TSANG Yok-sing, GBS, JP
Dr Hon YEUNG Sum, JP
Hon LI Kwok-ying, MH, JP
Hon CHIM Pui-chung

## **Public officers attending:**

Professor K C CHAN, SBS, JP

Mr Stanley YING, JP

Miss Amy TSE, JP

Mr Alfred FOK

Mr Henry TANG Ying-yen, GBS, JP

Secretary for Financial Services and the

**Treasury** 

Permanent Secretary for Financial

Services and the Treasury (Treasury)

Deputy Secretary for Financial Services

and the Treasury (Treasury) 1

Principal Executive Officer (General),

Financial Services and the Treasury

Bureau (The Treasury Branch)

Chief Secretary for Administration

Mr Stephen LAM Sui-lung, JP Secretary for Constitutional and

**Mainland Affairs** 

Mrs Carrie LAM CHENG Yuet-ngor, JP Secretary for Development Mr Michael SUEN Ming-yeung, GBS, JP Secretary for Education

Mr Matthew CHEUNG Kin-chung, GBS, JP Secretary for Labour and Welfare

Mr TSANG Tak-sing, JP Secretary for Home Affairs

Mr Joshua LAW Chi-kong, JP Permanent Secretary for Constitutional

and Mainland Affairs

Mr MAK Chai-kwong, JP Permanent Secretary for Development

(Works)

Mr Patrick NIP Tak-kuen, JP Deputy Secretary for Food and Health

(Health)

Miss Mary CHOW Shuk-ching, JP Acting Permanent Secretary for

Transport and Housing (Housing)

Ms Carol YIP, JP Deputy Secretary for Labour and

Welfare (Welfare)2

Mr LI Wing Controller, Student Financial

Assistance Agency

#### Clerk in attendance:

Mrs Constance LI Assistant Secretary General 1

#### Staff in attendance:

Miss YUE Tin-po Chief Council Secretary (1)3
Mr Noel SUNG Senior Council Secretary (1)4
Ms Alice CHEUNG Senior Legislative Assistant (1)1

Mr Frankie WOO Legislative Assistant (1)2

Item No. 1 - FCR(2008-09)40

## HEAD 53 – GOVERNMENT SECRETARIAT : HOME AFFAIRS BUREAU

• Subhead 700 General non-recurrent

New Item "Trust Fund in Support of Reconstruction in the Sichuan Earthquake Stricken Areas"

Members continued discussion on the item which was carried over from the meeting held on the same day at 9:00 am.

2. <u>Mr Daniel LAM</u> expressed support for the funding proposal and urged the HKSAR Government to provide support to the reconstruction in the Sichuan earthquake stricken areas as early as possible.

- 3. <u>Ir Dr Raymond HO</u> expressed support for the funding proposal. He shared Mr LAM's view that there was an urgent need for providing assistance to the earthquake victims. As the provincial/municipal governments concerned would need time to plan and co-ordinate their reconstruction works in the earthquake stricken areas, it would not be practicable for the HKSAR Government to provide details of the reconstruction projects before seeking Finance Committee (FC)'s approval for the funds required. He considered that the proposed monitoring and reporting systems were highly transparent and appropriate for dealing with an emergency situation.
- 4. <u>Dr KWOK Ka-ki</u> opined that it was difficult for members to approve the funding proposal for the Trust Fund in the absence of details of the projects, such as the project nature and estimated expenditure, and also the monitoring mechanism and reporting system.
- 5. The Chief Secretary for Administration (CS) advised that the HKSAR Government had to act promptly in providing assistance to victims in the earthquake stricken areas. The projects to be undertaken under the Trust Fund would need to be compatible with the overall reconstruction plan of the Sichuan Provincial Government (SPG). The paper on FCR(2008-09)40 had provided details on the focus of the HKSAR's support work, the establishment of the Steering Committee and five dedicated working groups to oversee and monitor the reconstruction projects, and the procedures for auditing the accounts and reporting the progress of the projects to ensure transparency and prudent spending of public money. The Secretary for Constitutional and Mainland Affairs (SCMA) supplemented that other Mainland provincial/municipal governments had already commenced their reconstruction works in the earthquake stricken areas. The funding proposal put forward to FC was aimed at enabling public participation in the reconstruction projects to be undertaken by Hong Kong. The Administration would report to the Legislative Council (LegCo) the progress made with these reconstruction projects from time to time.
- 6. <u>Dr Joseph LEE</u> expressed concern about the extent of HKSAR's financial commitment to the reconstruction programme. He was of the view if there were changes to Hong Kong's economy, HKSAR might not be able to provide the same level of support or contribution to the programme.
- 7. Mr Fred LI said that about one quarter of the 500 members of the public he had contacted so far supported the allocation of \$10 billion for the reconstruction projects. However, many people were of the view that a lot of low-income people in Hong Kong also needed assistance from the HKSAR Government, and they did not agree to the establishment of the Trust Fund.
- 8. <u>CS</u> responded that based on SPG's reconstruction plan for the earthquake stricken areas, the reconstruction works would be completed within three to five years. While the preliminary assessment was that the overall commitment would not exceed \$10 billion, the Administration would seek funding for the reconstruction projects based on the actual needs and the financial capability of the HKSAR. Under the "government-led, full community involvement" approach, the public and participating professional/non-governmental organizations (NGOs) would be encouraged to make

donations, undertake voluntary work and/or participate in the reconstruction projects.

- 9. <u>Dr Joseph LEE</u> enquired whether the reconstruction projects would include long-term rehabilitation services for those who became disabled in the earthquake. He also asked how the priority of the projects would be set.
- 10. <u>CS</u> responded that the HKSAR could provide professional services for the disabled victims and organize train-the-trainer programmes for Sichuan, and such services could be considered for funding under the Trust Fund. In reply to Dr Fernando CHEUNG, <u>CS</u> explained that funds could be provided from the Trust Fund for projects undertaken by the Government, professional bodies or NGOs.
- 11. <u>Mr Albert CHENG</u> expressed support for the funding proposal. He did not agree to setting conditions to FC's approval of the funds. He considered that HKSAR's contribution to the reconstruction programme and measures to alleviate the hardship of the low-income people in Hong Kong were separate issues and should not be bundled together. He also opined that it would be impractical for HKSAR to closely monitor each item of expenditure.
- 12. <u>Ms Emily LAU</u> did not subscribe to Mr Albert CHENG's views. She considered it important to monitor the expenses from the Trust Fund to ensure that the money contributed by Hong Kong people was properly spent for the well-being of the earthquake victims.
- 13. <u>Ms Audrey EU</u> said that while members belonging to the Civic Party supported in principle the proposal to contribute to the reconstruction works in the earthquake stricken areas, an effective monitoring mechanism had to be put in place to ensure that the Trust Fund was properly operated in view of the significant amount of public money involved. So far, the Administration was unable to provide the list of the reconstruction projects to be financed by the Trust Fund, the priority and the estimated expenditure for individual projects as well as details of the monitoring mechanism. In the absence of such essential information, the Civic Party had reservation in fully supporting the funding proposal.
- 14. <u>Ms TAM Heung-man</u> opined that there was inadequate information on the monitoring mechanism in the Administration's paper. In the absence of an acceptable monitoring standard, it would not be possible to effectively monitor the reconstruction projects.
- 15. <u>Mr LEUNG Kwok-hung</u> also expressed concern about the absence of an independent monitoring system for the reconstruction projects to be financed by the proposed Trust Fund.
- 16. <u>CS</u> reiterated that the paper on the funding proposal had already given information on the monitoring procedures for the reconstruction projects and the Administration had also elaborated on the monitoring mechanism at the earlier meeting.

- 17. Referring to the contribution of \$250 million from the Disaster Relief Fund for the emergency relief work for the snowstorm victims on the Mainland, Ms Emily LAU requested the Administration to make available the report from the Guizhow provincial government to LegCo and the public for information. She suggested that the reports from the relevant provincial governments should be uploaded onto the Internet for public scrutiny.
- 18. <u>SCMA</u> replied that the Administration had to further discuss with the relevant provincial governments regarding the reports on the disaster relief work, and the Director of Administration would submit these reports to LegCo in due course.
- 19. <u>Mr Bernard CHAN</u> requested the Administration to liaise with SPG to ensure that the NGOs already working in the earthquake stricken areas would be allowed to continue with their work.
- 20. <u>SCMA</u> advised that those NGOs already performing relief work in the earthquake stricken areas would be allowed to continue with their work. The HKSAR Government would further discuss with SPG on the arrangements for NGOs from Hong Kong to carry out reconstruction works financed by the Trust Fund.
- 21. In response to Miss CHAN Yuen-han, <u>SCMA</u> advised that the Steering Committee and the five working groups would oversee the selection of reconstruction projects and consider proposals from NGOs for funding to undertake such projects.
- 22. <u>Prof Patrick LAU</u> suggested that meetings should be arranged for representatives of SPG to meet with professionals participating in the relief projects financed by the Trust Fund to discuss implementation details of the projects. He also suggested engaging retired professionals and experts to co-ordinate the volunteering work.
- 23. The Secretary for Development (SDEV) responded that once the list of reconstruction items financed by the Trust Fund had been finalized and the working groups formed, the Hong Kong Construction Sector 5.12 Reconstruction Joint Conference, initiated by the Development Bureau and set up jointly with the professional bodies of the construction sector, would hold a meeting to discuss the way forward. SDEV advised that three retired former heads of the relevant works bureau/department had been invited to give advice to the Joint Conference.
- 24. <u>Dr KWOK Ka-ki</u> said that the medical and health professionals should also be allowed to participate in the reconstruction programme. <u>SCMA</u> advised that relevant professional bodies and personnel would be invited to join the working groups to assist in the planning and implementation of the reconstruction projects. The Home Affairs Department had also established a database of professional workers who had volunteered to assist in the relief and reconstruction works in the earthquake stricken areas.
- 25. <u>The Chairman</u> put FCR(2008-09)40 to the vote. 32 members voted for the proposal and seven members abstained. The individual results were as follows:

For:

Mr James TIEN Pei-chun Mr LEE Cheuk-yan
Mr Martin LEE Chu-ming Mr Fred LI Wah-ming
Mrs Selina CHOW LIANG Shuk-yee Mr CHEUNG Man-kwong

Miss CHAN Yuen-han Mr CHAN Kam-lam
Mrs Sophie LEUNG LAU Yau-fun Mr SIN Chung-kai
Dr Philip WONG Yu-hong Mr Howard YOUNG
Mr LAU Kong-wah Mr LAU Wong-fat

Miss CHOY So-yuk Mr Abraham SHEK Lai-him
Ms LI Fung-ying Mr Tommy CHEUNG Yu-yan
Mr Frederick FUNG Kin-kee Mr Vincent FANG Kang

Mr WONG Kwok-hing Mr LEE Wing-tat

Dr Joseph LEE Kok-long Mr Daniel LAM Wai-keung Mr Jeffrey LAM Kin-fung Mr Andrew LEUNG Kwan-yuen

Mr LEUNG Kwok-hung
Mr WONG Ting-kwong

Mr Albert Jinghan CHENG Mr KWONG Chi-kin

(32 members)

Abstention:

Ms Margaret NG Ms Emily LAU Wai-hing
Ms Audrey EU Yuet-mee Mr Alan LEONG Kah-kit
Dr Fernando CHEUNG Chiu-hung Miss TAM Heung-man

Mrs Anson CHAN

(7 members)

26. The Committee approved the proposal.

#### Item No. 2 - FCR(2008-09)41

#### HEAD 170 – SOCIAL WELFARE DEPARTMENT

- Subhead 179 Comprehensive social security assistance scheme
- Subhead 180 Social security allowance scheme

#### **HEAD 62 – HOUSING DEPARTMENT**

Subhead 700 General non-recurrent

Item 883 Rent payment for public housing tenants

# HEAD 147 – GOVERNMENT SECRETARIAT : FINANCIAL SERVICES AND THE TREASURY BUREAU (THE TREASURY BRANCH)

Subhead 700 General non-recurrent

Item 881 Electricity charges subsidy for eligible residential accounts

#### HEAD 173 – STUDENT FINANCIAL ASSISTANCE AGENCY

Subhead 700 General non-recurrent

New item "One-off support grant for needy students"

- 27. Mr WONG Kwok-hing enquired whether the Government would introduce any other measures, both on a short-term and long-term basis, to assist low-income people who could not benefit from the proposed relief measures. In this connection, he said that the Hong Kong Federation of Trade Unions would be willing to assist in identifying those low-income people so that their cases could be referred to the Government for follow-up. He also opined that as a long term measure, the Government should increase the amount of the Old Age Allowance.
- 28. <u>Miss CHAN Yuen-han</u> shared Mr WONG's concern and commented that at the last annual Budget debate in April 2008, LegCo Members had already pointed out that many low-income and elderly people, who were hard hit by the rapidly rising prices and the slow salary growth, had not received adequate support from the Government. Despite Members' suggestion to formulate measures to assist these low-income groups, such as extending the territorial coverage of the pilot Transport Support Scheme (TSS) to all districts, the Government had not responded to Members in this respect.
- 29. <u>Dr Fernando CHEUNG</u> opined that apart from the proposed short-term relief measures, the Government should consider other forms of assistance to the low-income group, e.g. providing a one-off food subsidy for persons who passed a means test, extending the territorial coverage of the pilot TSS, and providing cash subsidy for applicants who had been on the public housing waiting list for three years or more.
- 30. <u>Ms LI Fung-ying</u> shared the view that the pilot TSS should be extended to cover all districts so as to assist more low-wage workers.
- 31. <u>Mr SIN Chung-kai</u> said that to enable all low-income persons to benefit from the Government relief measures, consideration should be given to inviting these persons to directly approach the Government so that suitable relief measures could be drawn up for them.
- CS responded that in the 2008-2009 Budget, the Financial Secretary had 32. allocated about \$46.5 billion for relief measures for the community. He stressed that the Government would examine how to identify the needy people who could not benefit from the proposed short-term relief measures, and measures could be drawn up The Secretary for Labour and Welfare (SLW) supplemented to assist these people. that consideration was being given to setting up "food banks" with a view to providing assistance to low-income groups not covered by the relief measures announced by the Government recently. In this regard, an amount of \$100 million had been reserved for the Social Welfare Department (SWD) to invite NGOs to render short-term food assistance to individuals and families in need. As regards the pilot TSS, SLW advised that it was introduced to encourage unemployed and low-income employees in financial difficulties who lived in the four remote areas concerned to seek jobs and work across districts. The eligibility criteria and the subsidy period under the pilot TSS had just been relaxed two weeks ago with the approval of FC. The relaxed scheme should be allowed to operate for a period of at least one year before any review would be done.

- 33. <u>Dr Fernando CHEUNG</u> asked whether the Government could immediately allocate funds to NGOs to enable them to continue providing food assistance to the needy people.
- 34. <u>SLW</u> responded that the Government had to work out the detailed arrangement of the setting-up of "food bank" before seeking FC's approval for the funding. Meanwhile, the Labour and Welfare Bureau and SWD would continue to provide support to those organizations currently providing "food bank" services.

## **Employee Retraining Levy**

- 35. Mr Andrew LEUNG asked whether the Government would consider suspending the Employees Retraining Levy (ERL) with immediate effect for two years, and refunding the levy to the employers who had just signed or renewed the contracts with their foreign domestic helpers (FDHs).
- 36. <u>SLW</u> explained that the ERL waiver would cover all FDHs who were granted visas issued by the Immigration Department from 1 September 2008 to 31 August<2010 for new or renewed employment contracts. The total amount of ERL waived would be \$9 600 per FDH contract. For employers whose FDHs holding a visa granted before 1 September 2008, they would still have to pay the ERL for the period covered by the contract concerned.
- 37. <u>Ms LI Fung-ying</u> pointed out that some families might have to employ FDHs to look after their elderly parents. She asked whether such families could also benefit from the suspension of the ERL if they had signed the employment contract before 1 September 2008.
- 38. <u>SLW</u> advised that the existing legislation did not provide for refund of ERL. It would be necessary to consult the public and introduce amendments to legislation if refund of levy was to be considered.

#### One-off grant for needy students

- 39. Mr Andrew LEUNG enquired whether the one-off grant of \$1,000 to needy students, who passed the means test for financial assistance under the schemes of the Student Financial Assistance Agency, could be disbursed to them in August 2008 so that they could use the money to meet their education-related expenses for the new school year.
- 40. <u>The Secretary for Education</u> responded that the one-off grant would be offered to eligible students from October 2008 onwards as it was necessary to ascertain the student status of the recipients in the new school year. This was in line with the arrangements for the provision of other subsidies for the needy students.

## Relief measures for people aged between 60 and 64

- 41. Mr Fred LI considered that a one-off grant of \$1 000 should be offered to elderly people aged between 60 and 64 as they could not benefit from the Old Age Allowance and the concessionary public transport fares.
- 42. <u>CS</u> responded that the Government would continue to examine ways to assist those low-income groups who were not covered by the proposed short-term relief measures.

### Payment of public housing rent

- 43. Mr Fred LI said that many public housing tenants paying additional rents considered it unfair for being excluded from the proposed two month rent waiver. Mr LI opined that the rent waiver should be offered to this group of tenants as well.
- 44. <u>Ms LI Fung-ying</u> opined that the rent waiver should also be given to applicants on the waiting list for public housing who had already passed the means test.
- 45. The Acting Permanent Secretary for Transport and Housing (Housing) responded that public housing tenants who were paying additional rents, and those on the waiting list would have already benefited from other relief measures such as the rates concession. She advised that persons who were in urgent need of public housing could seek assistance from the Social Welfare Department for early allocation of a public housing unit.

## Payment of Comprehensive Social Security Assistance (CSSA)

- 46. <u>Dr Fernando CHEUNG</u> was concerned that some private homes for the aged had increased their charges, so as to pocket the payment of one additional month of CSSA standard rate payments for an elderly inmate.
- 47. <u>SLW</u> responded that so far there was only one reported case where a private home for the aged was alleged to have pocketed a one-month extra CSSA payment of a CSSA recipient. <u>SLW</u> stressed that the Government would take enforcement action against any malpractice in this respect.
- 48. As the meeting was scheduled to end at 1:00 pm, <u>members</u> agreed to continue discussion on the item at the next meeting scheduled for the same day at 1:10 pm.
- 49. The meeting was adjourned at 1:10 pm.

## Legislative Council Secretariat

18 November 2008