

立法會
Legislative Council

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Finance Committee of the Legislative Council

**Minutes of the 32nd meeting
held at the Legislative Council Chamber
on Friday, 2 July 2010, at 5:35 pm**

Members present:

Hon Emily LAU Wai-hing, JP (Chairman)
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Hon LEE Cheuk-yan
Dr Hon Margaret NG
Hon James TO Kun-sun
Hon CHAN Kam-lam, SBS, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP
Hon WONG Yung-kan, SBS, JP
Hon LAU Kong-wah, JP
Hon Miriam LAU Kin-ye, GBS, JP
Hon TAM Yiu-chung, GBS, JP
Hon LI Fung-ying, SBS, JP
Hon Audrey EU Yuet-mee, SC, JP
Hon WONG Kwok-hing, MH
Hon LEE Wing-tat
Dr Hon Joseph LEE Kok-long, SBS, JP
Hon Jeffrey LAM Kin-fung, SBS, JP
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon CHEUNG Hok-ming, GBS, JP
Hon WONG Ting-kwong, BBS, JP
Hon KAM Nai-wai, MH
Hon Cyd HO Sau-lan
Hon Starry LEE Wai-king, JP
Dr Hon LAM Tai-fai, BBS, JP
Hon CHAN Hak-kan
Hon CHAN Kin-por, JP
Dr Hon Priscilla LEUNG Mei-fun

Hon WONG Kwok-kin, BBS
Hon IP Wai-ming, MH
Hon IP Kwok-him, GBS, JP
Dr Hon PAN Pey-chyou
Hon Alan LEONG Kah-kit, SC
Hon Tanya CHAN

Members absent:

Prof Hon Patrick LAU Sau-shing, SBS, JP (Deputy Chairman)
Hon Albert HO Chun-yan
Dr Hon David LI Kwok-po, GBM, GBS, JP
Hon Fred LI Wah-ming, SBS, JP
Hon CHEUNG Man-kwong
Hon LEUNG Yiu-chung
Dr Hon Philip WONG Yu-hong, GBS
Hon LAU Wong-fat, GBM, GBS, JP
Hon Andrew CHENG Kar-foo
Hon Timothy FOK Tsun-ting, GBS, JP
Hon Abraham SHEK Lai-him, SBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon Vincent FANG Kang, SBS, JP
Hon Ronny TONG Ka-wah, SC
Hon CHIM Pui-chung
Hon Paul CHAN Mo-po, MH, JP
Dr Hon LEUNG Ka-lau
Hon CHEUNG Kwok-che
Hon WONG Sing-chi
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
Hon Paul TSE Wai-chun
Dr Hon Samson TAM Wai-ho, JP
Hon LEUNG Kwok-hung
Hon Albert CHAN Wai-yip
Hon WONG Yuk-man

Public officers attending:

Professor K C CHAN, SBS, JP
Mr Stanley YING, JP
Ms Alice LAU, 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

Ms Elsie YUEN	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Miss Denise YUE, GBS, JP	Secretary for the Civil Service
Mr Brian LO	Deputy Secretary for the Civil Service (2)
Mr Clement LEUNG Cheuk-man, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 2
Ms Shirley KWAN Yu-pik	Principal Assistant Secretary for Financial Services and the Treasury (Treasury) (Revenue)
Mr TANG Ping-kwong, JP	Deputy Commissioner of Rating and Valuation
Mr Jack CHENG Wan-ki, JP	Assistant Commissioner (Administration and Staff Development), Rating and Valuation Department
Miss Erica NG Lai-man	Principal Assistant Secretary for Transport and Housing (Transport)
Mr Carey WONG Wai-ming	Principal Transport Officer (Management), Transport Department
Mr CHEUNG Kwok-fai	Chief Engineer (Project), Electrical and Mechanical Services Department
Mr LAI Tung-kwok, SBS, IDSM, JP	Under Secretary for Security
Mr CHOW Wing-hang	Principal Assistant Secretary for Security (D)
Dr Helen CHAN Wing-mui, IDSM	Assistant Director of Immigration (Information Systems)
Miss Salina YAN, JP	Deputy Secretary for Home Affairs (3)
Mr Benjamin MOK	Acting Deputy Secretary for Home Affairs (2)
Mr Gilford LAW	Principal Assistant Secretary for Home Affairs (Culture) 1
Mr Charlix WONG	Assistant Director of Accounting Services (Provident Funds), The Treasury

Clerk in attendance:

Mrs Constance LI

Assistant Secretary General 1

Staff in attendance:

Ms Anita SIT	Chief Council Secretary (1)5
Mr Simon CHEUNG	Council Secretary (1)7
Mr Frankie WOO	Senior Legislative Assistant (1)3
Ms Christy YAU	Legislative Assistant (1)1

Action

Item No. 3 - FCR(2010-11)31

2010-11 CIVIL SERVICE PAY ADJUSTMENT

The meeting resumed discussion of this item at 5:35 pm.

2. Referring to the remarks of some members at the preceding meeting, Mr CHAN Kin-por said it was inappropriate for some members to allege without concrete evidence that the Administration was colluding with the business sector to suppress the salary levels of employees, as such allegation could be highly damaging. He said that the market was competing for talents and it was not possible for employers to collaborate with each other in manipulating staff salaries which were subject to a host of considerations including supply and demand. He was in support of the civil service pay adjustment proposal.

3. Dr PAN Pey-chyou expressed disappointment with the proposed salary adjustments for the civil servants. He said that the cost of living had increased substantially in recent months, and the salary adjustments could not catch up with inflation. While appreciating that the pay adjustment proposal was based on an established mechanism, he considered that there should be greater flexibility in the system to ensure that the salary adjustments did not lag behind the prevailing market trends.

4. The Secretary for the Civil Service admitted that since the pay trend survey (PTS) was conducted using the previous financial year as the reference period, there would inevitably be a time lag between the survey and the salary adjustment. However, if PTS was based on employers' projections of the likely salary adjustments in the current financial year, the accuracy and credibility of such projection would be a concern. She believed that a salary adjustment proposal based on such projections would be difficult to gain the support of civil service staff sides and the Legislative Council. She assured members that in adjusting the salaries of civil servants, staff morale was always a major consideration.

5. The Chairman put the item to vote. The Committee approved the proposal.

Item No. 4 - FCR(2010-11)32

HEAD 106 – MISCELLANEOUS SERVICES

Subhead 284 – Compensation

6. The Chairman advised members that the Panel on Financial Affairs (FA Panel) had been consulted on the proposal on 7 June 2010. On behalf of Mr CHAN Kam-lam, Chairman of FA Panel, Mr IP Kwok-him reported on the Panel's deliberation on the proposal. Mr IP said that FA Panel members expressed concern about the impact of the Lands Tribunal's ruling, namely the return permitted in Hongkong Electric Company Limited (HEC)'s Scheme of Control Agreement be used to assess the company's rateable values (RV), on the RV assessment of other public utility companies. Panel members were also concerned whether the HEC would be required to pay the Government the interest accrued on the refunded amounts and the associated interest payments, if the Government's appeal on the case was allowed by the Court of Appeal. Some Panel members expressed reservation about the funding proposal.

7. Mr WONG Kwok-hing opined that if the Rating & Valuation Department (RVD) had worked out HEC's RV appropriately, the refund and interest payment could have been averted. Mr WONG enquired about the cause(s) of the erratic assessment, and measures to prevent the recurrence of such incidents.

8. The Deputy Secretary for Financial Services and the Treasury (Treasury) 2, (DS(Tsy)2) responded that RVD had all along been using the same professional valuation principles in assessing HEC's RV, and HEC had not raised any objection to such assessments prior to 2004. In 2004, HEC raised certain arguments regarding RVD's assessment of the company's RV. Since RVD and HEC could not come to a compromise on the valuation principles for the RV assessment, HEC lodged appeals with the Lands Tribunal, which accepted HEC's viewpoints and methodology for assessing the company's RV. Given the Lands Tribunal's ruling, the Government made a refund to HEC and at the same time appealed to the Court of Appeal on the case. If the appeal was allowed, HEC would be required to pay back the refund and the interest payments to the Government. DS(Tsy)2 said that the methodology adopted for assessing HEC's RV was different from those for ordinary domestic and commercial properties. The same methodology was only used for assessing the HEC and the China Light and Power Company Limited (CLP)'s RV. In reply to the Chairman, DS(Tsy)2 said that CLP had also raised objection to RVD's RV assessment, and the case was being heard at the Lands Tribunal.

9. The Chairman put the item to vote. The Committee approved the proposal.

Item No. 5 - FCR(2010-11)33

**CAPITAL WORKS RESERVE FUND
HEAD 708 – CAPITAL SUBVENTIONS AND
MAJOR SYSTEMS AND EQUIPMENT**

Transport Department

New Subhead “Replacement of Tunnel Ventilation System in the Cross Harbour Tunnel”

10. The Chairman advised members that the Administration had provided an information paper on the proposal to the Panel on Transport on 24 May 2010. Panel members had no comment on the proposal.

11. The Chairman put the item to vote. The Committee approved the proposal.

Item No. 6 - FCR(2010-11)34

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

Immigration Department

New Subhead “Enhancement of computer systems to process electronic Exit-Entry Permit for Travelling to and from Hong Kong and Macao and extension of e-Channel service”

12. The Chairman advised members that the Panel on Security had been consulted on the proposal on 1 June 2010. Panel members supported the proposal.

13. The Chairman put the item to vote. The Committee approved the proposal.

Item No. 7 - FCR(2010-11)35

**HEAD 53 – GOVERNMENT SECRETARIAT:
HOME AFFAIRS BUREAU**

Subhead 700 General non-recurrent

New item “Injection into the Arts and Sport Development Fund”

14. Mr IP Kwok-him, Chairman of the Panel on Home Affairs, reported that the Panel discussed the Administration's proposal on 14 May 2010. There were concerns about the adequacy of support provided by the Arts and Sport Development Fund (ASDF) to persons with disabilities (PWDs), and whether there would be a cap limiting the authorization of the Secretary for Home Affairs (SHA) on the use of part of the Fund when investment returns failed to satisfy the funding demand in a

Action

particular year. The Administration assured Panel members that it attached great importance to the participation of PWDs in arts and sport activities, and believed that the existing mechanism was effective in meeting their demands. On the funding authorization for SHA, the Administration's response was that in order to allow flexibility for supporting worthwhile or time-critical arts and sport programmes, it might not be appropriate to impose a ceiling for SHA to deploy part of the \$3 billion capital base in times of high market volatility.

Development of football in Hong Kong

15. Mr WONG Kwok-hing supported the Administration's funding proposal. He considered that the \$3 billion seed money would benefit Hong Kong's arts, culture and sport development in a substantial way. He expressed concern about football development in Hong Kong, and enquired what measures the Administration would take to support football players as they could not make a living playing football.

16. Deputy Secretary for Home Affairs (2) (DSHA(2)) advised that the Administration was taking forward with relevant stakeholders the recommendations of a consultancy study on long-term football development in Hong Kong. Accordingly, a football task force led by the Permanent Secretary for Home Affairs was set up to supervise the implementation of these recommendations. A more comprehensive approach would be adopted to bring about the recommended changes to local football in the long run. Currently, the Hong Kong Football Association was undergoing a major revamp to improve its governance and to promote the development of Hong Kong's football, including running of league matches and lifting the standard of the Hong Kong Football Team. If necessary, the Administration would consider injecting additional resources to foster the football development.

2023 Asian Games

17. In response to Mr WONG Kwok-hing and Miss Tanya CHAN, DSHA(2) confirmed that the funds in ASDF would be used for supporting the Sports Federation and Olympic Committee of Hong Kong, China to indicate to the concerned authority an intent to bid to host the 2023 Asian Games in Hong Kong. The same approach was adopted ten years ago for applying to host the Asian Games in 2006. Further, ASDF would continue to support athletes from Hong Kong to prepare for and participate in major international and national games such as the Asian Games.

Funding for arts and cultural projects

18. Ms Cyd HO remarked that there should be diverse development of the arts and culture, and it was inappropriate that the fund allocation for arts and cultural projects under ASDF would need to go through the Secretary for Home Affairs (SHA) who already had very wide responsibilities. She was concerned that groups/individuals not acting in a way preferred by the Administration might be barred from obtaining the required resources. She suggested that there should be an

Action

independent committee to vet and approve the funding applications submitted by arts groups as in overseas countries.

19. Deputy Secretary for Home Affairs (3) (DSHA(3)) advised that ASDF was established under the Sir David Trench Fund for Recreation Ordinance (Cap. 1128). Although ASDF was administered by SHA, the Hong Kong Arts Development Council (HKADC), being an independent statutory body with members drawn from a wide range of fields both within and outside the arts sector, assessed the funding applications in a professional and fair manner.

20. In response to Hon Cyd HO's further enquiry about the vetting and approval mechanism, DSHA(3) advised that a committee comprising mainly non-government individuals including arts experts would be set up to advise SHA on how to provide funding support for new arts and cultural projects. The committee would also be tasked to vet preliminary assessments of the received applications and make appropriate recommendations to SHA for approval. The role of SHA was similar to a financial controller in the granting of funds under the proposed mechanism. DSHA(3) assured members that the selection criteria would be made public when the committee was set up. To enhance transparency, reports on the work of the proposed committee would be provided to the Panel on Home Affairs for reference in future. Responding to the Chairman on the international practice, DSHA(3) advised that there were different practices in overseas countries. In most European countries, it was the government who took the lead in funding arts and cultural projects. Nevertheless, in the United States, most of the funding would come from private donations. Ms Cyd HO remained unconvinced, and opined that SHA should not be the authority to decide on funding allocation for arts and cultural projects, and the proposed committee should be allowed to operate on its own, free from Government intervention.

21. Mr LEE Wing-tat said that he supported the Administration's proposal in general. Nevertheless, he was worried that a major part of the investment returns from the proposed injection would be diverted to sport projects, noting that the Administration had indicated its intention to host the 2023 Asian Games. To avoid unnecessary conflicts between the arts and the sport sectors in the competition for funds, the Administration should make it clear that the resources would be evenly distributed on a 50:50 basis between the arts and sport sectors. Mr LEE also urged the Administration to provide more funding support for arts and sport development, and review the existing funding arrangements which favoured large and established arts groups at the expense of budding organisations. In his view, funding for the large/established arts groups should be reduced by phases, say, from 60-70% to 40-50% in ten years' time, so as to release more funds for the development of budding artists and promising arts groups.

22. DSHA(3) concurred with Mr LEE and advised that paragraph 4 of the Administration's paper had made it clear that annual investment returns would be equally shared between the arts and sport portions of ASDF. More funding support

Action

would be provided for new small and medium-sized arts groups and budding artists if there were surpluses. In this regard, the Administration would increase the annual allocation to HKADC from an average of \$22 million in the past three financial years to \$30 million, for providing funding support to the art groups.

23. Miss Tanya CHAN enquired whether there were funds from ASDF for conducting arts research. DSHA(3) advised that the arts research were currently met by Government resources and with the support of the Central Policy Unit. If necessary, the Administration might consider using ASDF to support worthwhile arts research programmes.

Policy on development of arts and culture

24. Referring to the Administration's pledge that the West Kowloon Cultural District (WKCD) was intended to be a means for spearheading arts and culture development in Hong Kong, Dr Alan LEONG said that it was now time for the Administration to formulate a policy to achieve the best possible utilisation of the available resources provided for WKCD, HKADC and the proposed funding support to ASDF. He was concerned about the mechanism for coordinating the inputs of different stakeholders in deciding on the priorities of funding support for different projects.

25. DSHA(3) advised that given its scope and scale, WKCD would have an immense impact on Hong Kong's arts and cultural development. She was confident that there would be effective communication and room for collaboration between WKCD and HKADC to foster a diverse development of the arts and culture. The HKADC would continue to advise on the arts development and maintain liaison with different arts groups and organisations. At present, the Chairman of HKADC was also a member of the WKCD Authority which had specific functions as provided for in the legislation. With the assumption of duty of the top management of WKCD Authority, concrete arrangements for the operation of WKCD and collaboration with HKADC would be worked out, and progress reports would be provided to the Joint Subcommittee to Monitor the Implementation of the West Kowloon Cultural District Project in due course. Mr Alan LEONG criticised that the Administration's response lacked substance, and requested that the Panel on Home Affairs should convene a special meeting to follow up on the concern about collaboration between WKCD and HKADC in promoting the arts and sport development in Hong Kong.

Arts education

26. Dr Pricilla LEUNG said that she was a mother of two children and she felt that Hong Kong lagged far behind other countries in providing arts education for the younger generation. She attributed this to the lack of arts teachers and resources in schools and that the Arts subject was not given appropriate attention at schools. She opined that it was insufficient to invest only on arts and cultural hardware such as WKCD without improving general citizens' ability in arts appreciation. Dr LEUNG

Action

urged the Home Affairs Bureau (HAB) to work with the Education Bureau (EDB) in identifying feasible ways to enhance the arts appreciation ability of the younger generation and to provide more resources for this purpose.

27. DSHA(3) agreed with Dr LEUNG that it was of great importance to promote arts education and audience building among the younger generation. She advised that each year HKADC set aside considerable resources for promoting arts education in Hong Kong, such as running the Art Ambassadors-in-School Scheme to develop interests of students towards arts. Further, the Leisure and Cultural Services Department (LCSD) was also running the School Arts Animateur Scheme to provide students with training in the arts and opportunities for them to develop their creativity and potentials in art. HAB and LCSD were working closely with EDB in enriching the New Senior Secondary Curriculum by adding more arts and cultural ingredients into it.

Support for small and medium arts groups

28. Miss Tanya CHAN enquired whether it was possible to encourage partnership and exchange activities between local arts groups, especially the small and medium ones, and those in the Mainland and other countries. Such exchange programmes could take the form of visits for exchange in arts development and joint performances at regular intervals.

29. DSHA(3) responded that small and medium arts groups were sponsored through the Arts Development Fund for outbound exchange programmes, and it would be up to individual arts group to decide which overseas or Mainland arts groups they intended to line up with. The expenditure of the Administration exceeded \$1 million in the previous year. She added that a joint conference with Guangdong and Macao had been held recently to promote exchange with arts groups in the region. Miss Tanya CHAN acknowledged the Administration's efforts and opined that more funding support would be necessary.

Other issues

30. Ms Cyd HO requested to put on record the Administration's undertaking that in the allocation of funds, SHA would respect the advice of arts experts and refrain from interfering with the decisions of HKADC and the proposed committee. She asked about the composition of the proposed vetting committee and whether it would operate independently. She also asked about the percentage or number of government officials who would sit on the proposed committee, and which bureaux and departments they would represent. In this connection, she suggested that staff of LCSD should be sponsored to receive formal training on arts administration. She suggested that the Panel on Home Affairs should follow up on the fund allocation mechanism of the proposed funding.

Action

31. DSHA(3) advised that the proposed committee would comprise mainly non-government members, and most of them would be arts experts from different arts disciplines. A few government officials, such as those from HAB and LCSD, would sit on the committee on a need basis, and they would be the minority in such committee. Officials from other bureaus might be invited to attend meetings of the committee to provide input/advice on specific issues as necessary. On training on arts administration, she advised that selected LCSD staff were sent to receive formal arts administration training programmes in overseas countries. As she knew, some local universities including the University of Hong Kong had started some academic programmes on arts administration. Ms Cdy HO commented that art administration would be of great importance to Hong Kong's arts and culture development. For instance, the Administration should be able to measure the performance standards of the arts groups, and monitor their operation in an effective way.

32. The Chairman put the item to vote. The Committee approved the Administration's proposal.

33. The meeting was adjourned at 6:44 pm.

Legislative Council Secretariat
12 October 2010