

立法會
Legislative Council

LC Paper No. FC85/11-12
(These minutes have been seen
by the Administration)

Ref : CB1/F/1/2

Finance Committee of the Legislative Council

**Minutes of the 16th meeting
held at the Legislative Council Chamber
on Friday, 13 May 2011, at 3:00 pm**

Members present:

Hon Emily LAU Wai-hing, JP (Chairman)
Hon Albert HO Chun-yan
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Hon Fred LI Wah-ming, SBS, JP
Dr Hon Margaret NG
Hon James TO Kun-sun
Hon CHEUNG Man-kwong
Hon CHAN Kam-lam, SBS, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP
Hon LEUNG Yiu-chung
Dr Hon Philip WONG Yu-hong, GBS
Hon LAU Kong-wah, JP
Hon LAU Wong-fat, GBM, GBS, JP
Hon Andrew CHENG Kar-foo
Hon TAM Yiu-chung, GBS, JP
Hon LI Fung-ying, SBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
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
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 Ronny TONG Ka-wah, SC
Hon CHIM Pui-chung
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 Paul CHAN Mo-po, MH, JP
Hon CHAN Kin-por, JP
Dr Hon Priscilla LEUNG Mei-fun
Hon CHEUNG Kwok-che
Hon WONG Sing-chi
Hon WONG Kwok-kin, BBS
Hon IP Wai-ming, MH
Hon IP Kwok-him, GBS, JP
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
Dr Hon PAN Pey-chyou
Hon Paul TSE Wai-chun
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Hon Tanya CHAN
Hon Albert CHAN Wai-yip
Hon WONG Yuk-man

Members absent:

Prof Hon Patrick LAU Sau-shing, SBS, JP (Deputy Chairman)
Hon LEE Cheuk-yan
Dr Hon David LI Kwok-po, GBM, GBS, JP
Hon WONG Yung-kan, SBS, JP
Hon Miriam LAU Kin-ye, GBS, JP
Hon Timothy FOK Tsun-ting, GBS, JP
Hon Abraham SHEK Lai-him, SBS, JP
Hon LEE Wing-tat
Dr Hon LEUNG Ka-lau
Dr Hon Samson TAM Wai-ho, JP

Public officers attending:

Professor K C CHAN, SBS, JP	Secretary for Financial Services and the Treasury
Mr Stanley YING, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Ms Alice LAU, JP	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)
Mr TSANG Tak-sing, GBS, JP	Secretary for Home Affairs
Mr Raymond YOUNG Lap-moon, JP	Permanent Secretary for Home Affairs
Ms Candy LAU Li-yan	Principal Assistant Secretary for Home Affairs (Community Care Fund)
Dr LAW Chi-kwong, SBS, JP	Chairman of Executive Committee on the Community Care Fund
Ms Esther LEUNG Yuet-yin, JP	Deputy Secretary for Education (6)
Mrs Anna MAK CHOW Suk-har	Deputy Director of Social Welfare (Services)

Clerk in attendance:

Mrs Constance LI	Assistant Secretary General 1
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Staff in attendance:

Ms Annette LAM	Chief Council Secretary (1) ⁷
Mr Daniel SIN	Senior Council Secretary (1) ⁷
Mr Frankie WOO	Senior Legislative Assistant (1) ³
Ms Christy YAU	Legislative Assistant (1) ⁸

Item No. 1 - FCR(2011-12)12

**RECOMMENDATIONS OF THE PUBLIC WORKS
SUBCOMMITTEE MADE ON 20 APRIL 2011**

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

Item No. 2 - FCR(2011-12)8

**HEAD 53 – GOVERNMENT SECRETARIAT :
HOME AFFAIRS BUREAU
Subhead 700 General non-recurrent
New Item "Injection into the Community Care Fund"**

**HEAD 156 – GOVERNMENT SECRETARIAT : EDUCATION
BUREAU
Subhead 003 Recoverable salaries and allowances (General)**

**HEAD 170 – SOCIAL WELFARE DEPARTMENT
Subhead 003 Recoverable salaries and allowances (General)**

2. The meeting resumed discussion of this item which was brought forward from the meeting on 6 May 2011.

Need for establishing the Community Care Fund

3. Mr Frederick FUNG expressed support for the establishment of the Community Care Fund (CCF) which he considered would complement existing policies in providing expeditious assistance to specific groups in need. He suggested that CCF should consider providing rental subsidy to eligible public housing applicants who had remained on the waiting list for three years while living in private accommodation.

4. Mr CHAN Hak-kan said that Members belonging to the Democratic Alliance for the Betterment and Progress of Hong Kong supported the funding proposal. He suggested that CCF should include assistance for ethnic minorities to take language tests and support for middle-class patients with chronic ailments.

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5. Dr PAN Pei-chyou supported the funding proposal. Expressing concern that many people in need, such as those with severe disabilities, were currently not covered by the social security system, he suggested that CCF should provide financial support for these people to acquire medical equipment or medication. Ms Starry LEE expressed similar concerns.

6. SHA took note of members' comments and advised that the ten programmes announced were only the first batch of programmes endorsed by the CCF Steering Committee for implementation on a pilot basis. These programmes also involved relatively low administrative cost and were more easily implementable. He added that the CCF Steering Committee would continue to identify and launch new programmes, and would keep an open mind for suggestions of new programmes, such as other forms of assistance for the severely disabled. The Steering Committee and its subcommittees would take into account public views and suggestions from LegCo Members in their deliberation of assistance programmes.

7. Mr Paul CHAN supported tripartite co-operation involving the Government, the business sector and the community in fostering a caring culture. However, he doubted the need of setting up CCF for poverty alleviation purposes, as there were established mechanism such as the Lotteries Fund (LF) which could be deployed for such purposes. Noting that LF still had about \$8.3 billion for carrying out various programmes, he queried whether there was any impediment against using LF to implement the ten programmes proposed to be funded under CCF. As 25 civil servant posts had been created to underpin CCF operations, Mr CHAN asked whether private organizations would be allowed to develop their own programmes and seek funding support from CCF.

8. The Administration advised that the ambit of LF was defined in a resolution of the Legislative Council. LF was mainly used to meet the non-recurrent costs of welfare capital projects such as major renovation of premises, while CCF was designed to provide assistance direct to targeted beneficiaries. It was considered appropriate to set up a separate fund like CCF to finance these specific programmes.

9. Dr LAM Tai-fai said that although the Administration had only received donation or pledge of donation totalling \$1.8 billion, with the proposed \$5 billion injection from the public coffer, the combined size of CCF was significant enough to benefit many grassroots people in need. He said that the public needed not speculate the Administration's motive in setting up CCF, as the use of funds would be determined by the Steering Committee which comprised experts from various fields. He commented that Members should

consider the funding proposal on its own merits in terms of the benefits CCF could generate in the community.

10. Mr Ronny TONG said that he found it difficult to support the funding proposal. He considered that poverty alleviation was the Administration's responsibility with or without CCF, and there was already established mechanism for the Administration to seek funding to implement the endorsed programmes. He was of the view that there was no need to set up CCF. He asked if the Administration would consider separate funding for the ten programmes if the proposed injection into CCF was not approved by FC.

11. SHA advised that the ten programmes announced were to be implemented on a pilot basis to address the needs of specific disadvantaged groups that were not covered under current policies or services with regular funding.

12. Mrs Regina IP said that the concept of CCF was questionable. If the objective of CCF was poverty alleviation, the Administration should shoulder the responsibility without having to solicit contributions from private corporations and consortia. By soliciting donations from these organizations, the Administration would attract criticism of slanting public policies in favour of these private organizations, and this might cause unnecessary embarrassment to the donors. As the Administration had only received some \$680 million of private donation so far, she suggested returning these donations and implementing the CCF programmes with government funds.

13. SHA responded that Hong Kong had a long philanthropic tradition. CCF was an innovative approach to reinforce this caring culture by mobilizing the business community in poverty alleviation initiatives. There was no question of the Administration returning favour to any business organizations or individuals for their contribution.

14. Referring to the proposed school-based fund to help students from low-income families to participate in overseas learning activities, Mr CHEUNG Man-kwong criticized that such programme could hardly be a poverty alleviation measure. As the CCF programmes were almost wholly financed by government funds, it would be more appropriate for the resources to be used to help these students to attend tutorial classes or to purchase learning tools such as personal computers.

15. Mrs Regina IP said that if the proposed school-based fund was designed to broaden students' learning experience, then it was not a poverty alleviation measure. Noting that the proposed school-based fund could

subsidize about 240 000 students in three years at a cost of \$160 million, she asked whether each student would receive only \$700 subsidy, and whether such amount was sufficient for an overseas learning trip. She also doubted if Hong Kong's outbound travel agents were capable of meeting the service demand for organizing overseas learning trips for 80 000 students a year. Chairman, CCF Executive Committee clarified that the proposed budget of \$160 million per year could subsidize 80 000 eligible students for outbound learning activities at an average cost of \$2,000 per student.

16. Mr Andrew LEUNG declared that he was Chairman of the Vocational Training Council (VTC). He supported the proposed school-based fund, as overseas learning activities would broaden students' exposure and enhance their chances of social mobility. He said that VTC had arranged internship for about 300 trainees in various overseas corporations each year, and these trainees had benefitted much from the experience.

17. Mr Frederick FUNG and Dr Priscilla LEUNG also expressed support for the school-based fund as overseas learning activities would widen students' perspectives, inspire learning and stimulate thinking. Dr Priscilla LEUNG considered that the fund should also cover learning activities in overseas places other than the Mainland. SHA advised that the scope of the school-based fund was not limited to learning activities in the Mainland.

18. Dr Margaret NG asked if the proposed handout of \$6,000 to new arrivals from the Mainland would be financed under CCF. She said that as the community had diverse views on whether new arrivals should be entitled to the hand-out, the Administration should explain clearly to Members whether it was the intention to make such hand-out to new arrivals under CCF, to enable Members to consider whether to support the funding proposal. SHA explained that the CCF Steering Committee and its various subcommittees would examine suitable programmes to help vulnerable groups including new arrivals and ethnic minorities, and cash hand-out would be one of the options.

19. Dr Priscilla LEUNG suggested that CCF should also be used to help Hong Kong's small and medium sized enterprises which had cashflow needs for coping with the staff cost increases following implementation of the statutory minimum wages (SMW). Similarly, assistance should also be provided to elderly property owners for meeting the increase in management fees arising from implementation of SMW. She further suggested that there should be some flexibility for the organizations entrusted to implement the ten programmes to assist those who were in great financial need but not covered by existing services.

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20. Mr Frederick FUNG suggested that any programme that had received funding support under CCF for three years or more and merited continuation should be funded as regular government service. SHA said that if it was later considered appropriate to incorporate the pilot programmes into regular government service, the relevant funding would be sought in accordance with established mechanisms.

21. Mr WONG Yuk-man commented that many of the endorsed programmes were welfare measures which were either one-off or of short duration, and these could not effectively tackle the problem of poverty. He considered that the Administration should undertake that such welfare measures would be incorporated as government service and implemented on a long-term basis. Mr LEUNG Kwok-hung expressed similar views.

Financing of CCF

22. Ir Dr Raymond HO said that members were in a dilemma in considering whether or not to support the funding proposal. With the substantial fiscal surplus and financial reserve, he did not see the need for the Administration to seek private donations for setting up CCF to implement poverty alleviation measures. However, noting that many people in the community were in need of financial or service support, he did not want to deprive these people of the opportunity of receiving assistance if the funding proposal was voted down. He commented that the eligibility criteria for support under other funds set up by the Government tended to be excessively stringent, and a more lenient approach should be adopted for CCF. To attract participation and contribution of the private business sector, Dr HO suggested that the Administration should inject an exemplary \$10 billion into CCF and provide one-to-one matching for any subsequent additional donation from the business sector or the community.

23. Mr CHEUNG Kwok-che said that the Administration had earlier indicated that CCF would be set up on matching basis. If the Administration had so far received donation or a pledge of donation of \$1.8 billion in total from the business sector, he would only accept an injection of the same amount of public fund into CCF. He would abstain from voting if the Administration did not amend the proposed amount to be injected to CCF.

24. Dr Priscilla LEUNG sought clarification if CCF was to be financed as a matching fund. Referring to the arrangement for the universities to receive matching funds from the Government, she expressed concern about the current proposal whereby the Administration was seeking \$5 billion funding injection for CCF before an equivalent amount of private donation had been

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received. She was concerned that the implementation of the programmes endorsed by the CCF Steering Committee might be delayed if there was insufficient funding.

25. Mr Frederick FUNG considered that if it turned out that the Administration could not collect the targeted amount of private donation, the Administration should consider injecting further public fund into CCF to enable it to continue to operate.

26. Mr WONG Sing-chi commented that given the uncertainty in collecting the target donation, CCF would likely compose mainly of public funds. He said that the Democratic Party (DP) suggested that the Administration should seek phased injection into CCF instead, with an initial injection of \$2 billion which was comparable to the \$1.8 billion of private donations received from or pledged by the private organizations. The total amount of about \$4 billion would be sufficient to support CCF operation for the first two to three years. If CCF proved to be effective in achieving the poverty alleviation objective during this period, the Administration could then seek FC's approval of further injection up to the target amount of \$5 billion. He commented that the Administration could not rely on CCF to make up for the deficiency of welfare policies. Mr CHEUNG Man-kwong expressed a similar view that the injection of public funds into CCF should be in stages to enable effective monitoring of the use of public funds by FC and the community. Mr WONG said that Members belonging to DP would abstain from voting if the Administration did not agree to stagger injection into CCF. SHA took note of the views expressed by members. He explained that the proposed \$5 billion injection was meant to provide assistance to vulnerable groups in the community, and the amount should not be reduced. SHA stressed that CCF was not a matching fund, and the Administration intended to inject \$5 billion into the fund regardless of the amount of private donation received. He said that the objective of CCF was to engage various sectors of the community to contribute in helping the needy as early as possible.

27. Mr Frederick FUNG said that he did not agree to the suggestion of staggering the injection into CCF because its operation relied on the return from the seed capital which should be of a sufficient size. Mr WONG Yuk-man shared similar views, and said that he would not support the funding proposal unless the Administration could guarantee that the remaining balance of private donations could be collected in full by a certain date.

28. Mr IP Kwok-him said that he supported a one-go injection of \$5 billion to CCF in order to encourage the business sector to contribute their share to CCF. Dr Priscilla LEUNG asked the Administration to explain the

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difficulties it would encounter if FC only approved an injection equivalent to the amount of donation received or pledged.

29. Permanent Secretary for Home Affairs explained that with the proposed \$5 billion injection, investment return could be generated which, together with the private donations, could be used to cover expenses for implementing the assistance programmes. Sufficient return could not be generated with a reduced injection to sustain the operation of CCF in the long run.

30. Mr Paul CHAN said that he found it difficult to support the funding proposal if that the Administration did not stagger the injection into CCF. He did not agree that a smaller injection in the initial stage could not generate sufficient return for CCF operation, as the interest generated by funds under the general revenue account could still be used for funding the programmes under CCF at a later stage. Mr CHEUNG Kwok-che expressed similar views.

31. SHA noted members' views. He said that the Administration would continue to raise donations after the proposed injection had been approved, \$5 billion remained the donation target and the momentum for donation should pick up after FC approved the funding injection.

32. Mr CHEUNG Man-kwong said that he would abstain from voting if the Administration would not adjust the amount of injection. He highlighted that with an initial injection of \$1.8 billion injection and \$1.8 billion pledged donation there would be a total amount of \$3.6 billion in CCF which would be sufficient to sustain its operation up to three years. However, he would be prepared to support a \$5 billion injection into CCF at this stage if the Administration decided not to raise any more private donation after having collected all the donations pledged. He would also support additional funding to top up CCF to \$10 billion.

33. Noting the controversy and speculation surrounding CCF, Mr Paul TSE suggested that a person other than the Chief Secretary for Administration (CS) should be appointed as the chairman of the CCF Steering Committee. He added that rather than soliciting donations from major corporations, contribution should be open to the whole community. Alternatively, CCF could be repackaged as a government initiative which would be financed wholly by public funds, and the donations should be returned to the benefactors.

34. Mr LEUNG Kwok-hung criticized that CCF was only a dressing up of the Administration's responsibility with a charity banner. He said that CS,

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being the Chairman of the CCF Steering Committee, should attend the FC meeting to answer members' queries on CCF.

Monitoring of CCF operation

35. Dr Margaret NG said that the Administration had only received a small portion of the targeted donation and CCF would consist mainly of public fund, it would not be appropriate to leave the decision on the use of the fund to the CCF Steering Committee. She considered it necessary that the Legislative Council (LegCo) should have a monitoring role in the use of such public funds. Mr Ronny TONG expressed a similar concern. Mr Paul TSE said that LegCo should not relinquish its monitoring responsibility if CCF was substantially consisted of public resources.

36. SHA said that the CCF Steering Committee was chaired by CS with the relevant bureaux secretaries serving as members. The Administration therefore had a role in the decision on the use of funds under CCF.

37. To improve transparency in CCF operation and in the selection of programmes, Mr Frederick FUNG suggested that the Administration should compile quarterly progress reports on the work of CCF and report to LegCo. The Administration should also seek public views early in a year on what poverty alleviation programmes should be implemented in the ensuing months, and how they should be prioritized. Ms Starry LEE suggested that half-yearly progress reports should be presented to the LegCo Panel on Home Affairs, and public hearings could be held to gather community views on the various programmes to be implemented and funded under CCF. Mr CHAN Hak-kan said that an interactive mechanism should be devised to allow the public to submit proposals on programmes to be implemented under CCF.

38. SHA said that the Administration could provide regular reports to the relevant LegCo Panels if the Panel Chairmen considered it appropriate. He added that CCF Steering Committee and its subcommittees would be open to public views for proposals any time, and consultations were not restricted to the beginning of a year. Mr Alan LEONG said that it should be made a requirement for the Administration to report regularly to the Panel on Home Affairs the progress of CCF operation.

39. Dr PAN Pei-chyou commented that the process of selecting programmes for funding under CCF was not transparent enough. He asked whether the Administration would review the selection process and selection criteria for programmes, and also consult the public in determining the priority of the programmes. Mr CHEUNG Man-kwong said that a member of the

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Steering Committee had told him that many of the programmes were endorsed without thorough discussion. He found it unreasonable that it was easier to get subsidies for overseas learning activities rather than meal subsidy for students from low-income families. He considered that LegCo should play a more active monitoring role in the use of CCF funds.

40. Chairman of CCF Executive Committee said that CCF Steering Committee had received many suggestions which were referred to its subcommittees for examination, and higher priority was accorded to those programmes which were ready for implementation. The Steering Committee would continue to listen to public views and suggestions in further enhancing transparency and accountability.

41. Mr Alan LEONG said that Members belong to the Civic Party would abstain from voting on this funding proposal. He commented that the proposal of putting a large amount of public resources into a fund to finance programmes that could have been implemented through established funding allocation procedure would undermine LegCo's function in monitoring the use of public funds. However, he would not want to oppose the funding proposal because the programmes could benefit many people in dire financial need.

42. Mr IP Kwok-him asked the Administration if the financing approach adopted for CCF was unusual. Permanent Secretary for Financial Services and the Treasury (Treasury) advised that there were examples of funds (such as the Continuing Education Fund and the Quality Education Fund) where the interest or return generated from the investment of injected capital was used for financing programmes or projects determined by the steering committee of the respective fund. There would be requirements on transparency and governance for the operation of the fund to ensure accountability. While there was usually no requirement for the fund to seek FC's approval on individual items, there were cases where FC's approval was sought for items exceeding a certain value. For example, FC's approval would be sought for projects that cost more than \$10 million

43. Mr IP requested the Administration to provide a note setting out a list of funds where approval from FC was needed for certain items and those that did not.

44. The Chairman said that discussion of the item would continue in the subsequent meeting starting at 5:05 pm.

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45. The meeting was adjourned at 5:00 pm.

Legislative Council Secretariat

25 April 2012