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Legislative Council

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Finance Committee of the Legislative Council

**Minutes of the 24th meeting
held at the Legislative Council Chamber
on Friday, 8 July 2011, at 5:35 pm**

Members present:

Hon Emily LAU Wai-hing, JP (Chairman)
Prof Hon Patrick LAU Sau-shing, SBS, JP (Deputy Chairman)
Hon Albert HO Chun-yan
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 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 WONG Yung-kan, SBS, JP
Hon LAU Kong-wah, JP
Hon Miriam LAU Kin-yee, GBS, JP
Hon TAM Yiu-chung, GBS, JP
Hon LI Fung-ying, SBS, JP
Hon Frederick FUNG Kin-kee, 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, GBS, 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 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
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 Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Hon Tanya CHAN
Hon WONG Yuk-man

Members absent:

Dr Hon David LI Kwok-po, GBM, GBS, JP
Hon Fred LI Wah-ming, SBS, JP
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 Vincent FANG Kang, SBS, JP
Hon CHIM Pui-chung
Dr Hon Priscilla LEUNG Mei-fun, JP
Dr Hon LEUNG Ka-lau
Hon Paul TSE Wai-chun, JP
Dr Hon Samson TAM Wai-ho, JP
Hon Albert CHAN Wai-yip

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)
Miss Katy FONG	Principal Assistant Secretary for Financial Services and the Treasury (Treasury) (Special Assignment)
Mrs Lesley WONG, JP	Director of Accounting Services
Mr Martin SIU	Assistant Director of Accounting Services (Information Systems)
Mr Dominic LAI	Senior Assistant Law Officer (Civil Law), Department of Justice
Miss Denise YUE, GBS, JP	Secretary for the Civil Service
Mr Raymond WONG Hung-chiu, JP	Permanent Secretary for the Civil Service
Mr Brian LO, JP	Deputy Secretary for the Civil Service (2)
Mr Kenneth CHEN, JP	Under Secretary for Education
Ms Nancy SO	Controller, Student Financial Assistance Agency
Ms Esther LEUNG, JP	Deputy Secretary for Education (6)
Mr Tony TANG Fat-yuen	Principal Assistant Secretary for Education (Support Services)
Ms Amy WONG	Principal Assistant Secretary for Education (Higher Education)

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
Ms Christy YAU

Senior Legislative Assistant (1)3
Legislative Assistant (1)8

The meeting resumed discussion of the remaining items of the agenda carried forward from the meeting held at 3:30 pm

Item No. 2 - FCR(2011-12)35

**HEAD 147 – GOVERNMENT SECRETARIAT :
FINANCIAL SERVICES AND THE TREASURY BUREAU
(The TREASURY BRANCH)
Subhead 700 General Non-recurrent
New Item "Scheme \$6,000"**

2. The Chairman advised that the item invited the Finance Committee (FC) to approve the creation of a new commitment of \$38,520 million for implementing "Scheme \$6,000" that gave a sum of \$6,000 to each Hong Kong Permanent Identity Card (HKPIC) holders aged 18 or above.

3. Mr WONG Kwok-hing welcomed the Administration's proposal and acceptance of his suggestion to extend the eligibility date to cover persons who reached the age of 18 or attain permanent resident status on or before 31 March 2012. Ms Miriam LAU welcomed the Administration's acceptance of the Liberal Party's suggestion of extending the eligibility date to 31 March 2012. Mr Frederick FUNG said that the position of the Hong Kong Association for Democracy and People's Livelihood was that cash handout should only be offered if, after having implemented all the necessary policies (such as universal retirement protection scheme), the Administration still had sufficient fiscal balance to sustain 12 months of operation and expenditure.

4. Mr TAM Yiu-chung expressed support for the funding proposal. He said that the Administration had taken on board views from Members of the pro-establishment parties and amended the Budget by deleting the proposal of injecting \$6,000 into Mandatory Provident Fund accounts and proposing to hand out cash to HKPIC holders. He also appealed to pan-democratic Members to support the proposal under discussion.

5. Mr LEE Cheuk-yan said that he would not support the Scheme \$6,000 funding application, so as not to encourage the Administration not to think carefully on solutions to tackle fundamental problems at root, such as elderly poverty or the proliferation of subdivided flats.

6. Mr LEUNG Yiu-chung welcomed the Administration's initiative, as the \$6,000 handout would relieve the inflationary pressure on many people. However, he commented that the initiative could not solve the deep-rooted social problems, and he asked what long term strategy the Administration had devised. Secretary for Financial Services and the Treasury (SFST) responded that long term policy planning and strategies to address poverty and other social issues should be discussed separately in other forums.

7. Ms Audrey EU said that the Civic Party would not object to the funding proposal, but she considered the whole approach problematic. She commented that the Government's function was not to handout cash indiscriminately to every permanent resident in Hong Kong. The Government should spend tax revenue where spending was due. Tax payers would have strong views against the Government's handing out their tax contribution to the rich sector of the community.

8. Mr Jeffrey LAM said that Members belonging to the Economic Synergy supported the funding proposal. He requested the Administration to step up publicity efforts and to co-ordinate the registration and payment logistics carefully with the participating organizations and departments. He also appealed to recipients to donate the cash handout if they did not have immediate need for it. He hoped the public could receive the handout before the end of the year.

Eligibility date and bonus for deferred registration

9. Mr WONG Kwok-hing noted that a bonus of \$200 would be given to eligible persons who chose to register after 31 March 2012, but the incentive was not applicable for new arrivals with special needs who would receive cash handout from a parallel scheme under the Community Care Fund (CCF). Mr WONG asked if the Administration would liaise with the CCF Executive Committee to adopt a consistent approach.

10. SFST explained that the bonus was offered with a view to staggering registration and improving efficiency in processing registrations, given the large number of beneficiaries involved under the current Scheme. However, the number of target new arrival beneficiaries of the scheme under CCF was smaller. He noted that the Chairman of the CCF Executive Committee had discussed the matter with Members and would give the suggestion further consideration.

11. Ms Miriam LAU said that some new arrivals would attain permanent status but might still be in the process of applying for HKPIC by 31 March 2012. She asked if these people were eligible for the Scheme \$6,000. Permanent

Secretary for Financial Services and the Treasury (Treasury) (PSTsy) clarified that the Scheme would apply to persons who were eligible for attaining Hong Kong permanent resident status and had submitted an application for Verification of Eligibility for Permanent Identity Card on or before the eligibility date of 31 March 2012, and had the application for HKPIC approved before registration for the Scheme closed.

Measures to protect personal data

12. Mr WONG Kwok-hing referred to reports that certain people would have access to the personal data and bank account details of elderly people by offering to help them fill in the Scheme \$6,000 registration form. Expressing concern that elderly people were vulnerable to the risk of disclosing their personal data to unscrupulous persons, he suggested that the Administration should step up publicity and public education efforts to raise community awareness of the matter.

13. SFST said that following FC's approval of the proposal the Administration would launch publicity campaign to inform eligible persons of the registration and disbursement arrangements. He took the opportunity to appeal to the public to exercise vigilance when giving their personal information to others.

14. Mr WONG Sing-chi commented that many elderly people needed help from others to complete registration forms for them. While volunteers were not necessarily ill-intent, the Administration should consider measures to prevent fraudulent activities related to the collection of personal data from applicants under the Scheme. Mr Albert HO said that the Democratic Party (DP) would help elderly applicants complete and send out the registration forms at their request. There were clear guidelines to the DP staff and they would put each completed registration form into an envelope, seal it and then post it immediately. No photocopies or records of clients' personal data would be retained in the process.

15. The Chairman asked the Administration about its position on elderly applicants' seeking assistance from others to complete the application forms. PSTsy said that applicants should be careful in giving out personal information, but they could make their own decision whether and who to trust to complete the forms for them.

16. The Chairman and Mr KAM Nai-wai suggested that the text in the registration form should be printed in larger font size to make it easier for elderly applicants to read. The Administration took note of members' views.

Registration and payment arrangements

17. Mr TAM Yiu-chung requested that the payment arrangements should be simple and efficient. He considered that as the personal data of beneficiaries would be collected for the Scheme \$6,000, there should be no need to conduct another registration exercise if further cash handout scheme was to be launched in future. Mr LEE Cheuk-yan remarked that the Administration would most unlikely launch a similar scheme again as the current registration form stipulated that the personal information was collected specifically for the Scheme \$6,000.

18. Ms Audrey EU commented that if the Scheme \$6,000 was meant to implement a policy of "leaving wealth to the people", the Administration would have the obligation to handout cash whenever the financial circumstances allowed. She also appealed to those who had no need for the \$6,000 handout to donate it to the needy. She advised the Administration not to launch similar schemes in future.

19. Responding to Mr TAM Yiu-chung's suggestion, SFST said that the registration procedure and payment mechanism developed for the Scheme \$6,000 would provide useful reference should a similar scheme be envisaged again in future. He emphasized that the Scheme \$6,000 was a one-off measure with the objective of leaving wealth with the people. It was a hypothetical question to venture whether and how such scheme would be launched again in future. Nevertheless, SFST added that there were clauses in the registration form which sought the applicant's consent for the Government to use the personal data for other schemes operated for the same purposes as the Scheme \$6,000.

20. Mr KAM Nai-wai asked for how long the personal data collected for Scheme \$6,000 could be kept by the Administration, and whether the Administration would specify the retention period in the registration form or otherwise notify the applicants of such information.

21. PSTsy replied that according to the Personal Data (Privacy) Ordinance (Chapter 486) (PDPO), personal data should not be retained longer than was necessary for the purpose for which they were used. Generally speaking, for records supporting account entries, the period was normally seven years. As personal data collected for the Scheme \$6,000 could be used by the Government for projects of the same purposes, PSTsy added that the data might be kept longer if required. He said that where necessary, the Administration would consult the Secretary for Justice whether and how the retention period of personal data should be specified in the registration form, as he understood that

no such specification was made in other Government forms (such as tax return forms).

22. Dr PAN Pei-chyou said that many elderly people held joint accounts with their spouse or family members. He queried the rationale of requiring beneficiaries to specify a bank account in his or her sole name to receive the payment, as the requirement would create hurdles for the elderly. Ms Miriam LAU expressed a similar concern and considered that the Administration should respect the beneficiaries' preference.

23. PSTsy said that the SSA scheme already required recipients to have a bank account in their sole name for receiving welfare payments; elderly SSA recipients therefore already have such accounts. The requirement for such accounts under the proposed Scheme \$6,000 should therefore not create problems for these elderly people. For other elderly people, if they did not currently have their own accounts they could make arrangement to collect the payment cheque from a post office and deposit the cheque in any joint account of their choice.

24. Mr TAM Yiu-chung questioned the requirement for an applicant to submit registration form to a bank by post to send it to a centralized post box, instead of sending it directly to a bank branch of his choice. SFST advised that it was more convenient for the public to post their registration form to a centralized collection point (GPO Box No. 186000), as it would save them the effort of having to look up the postal address of a particular bank branch office.

25. Mr LEE Wing-tat suggested that the Administration should provide drop boxes in government offices for collecting the registration forms. He said that as many banks were gradually closing down branch offices in public housing estates, many public housing tenants had to travel a long distance to hand in their registration forms.

26. PSTsy said that it was considered not practicable to place drop boxes in other government offices due to logistics and security considerations. However, registration forms could be deposited in any of the 120 post offices across the territory, with the payment cheques available for collection in 56 designated post offices.

27. Noting that about 300 000 beneficiaries of the Scheme \$6,000 were expected to submit their registration forms and claim the payment through post officers, Ms Miriam LAU asked whether the Hongkong Post had the capacity to cope with the workload, and whether additional resources were required. She asked why cheques could not be sent to the beneficiaries by post.

28. PSTsy explained that since the Hongkong Post staff had to verify the recipients' identity before passing the cheques to them, it was not appropriate to send the payment cheques by post. Mr KAM Nai-wai commented that as the cheques were crossed, they could only be deposited to the account of the designated recipients. The question of the payment being claimed by another person should not arise.

29. Mr KAM Nai-wai further said that the registration form carried a provision that allowed the Administration to reclaim any excessive sum paid to a recipient. He asked under what circumstances the Administration would over-pay a beneficiary. PSTsy responded that the provision was a catch-all clause that was inserted to deal with all eventualities that might occur during the payment process.

Advancing the registration date

30. Mr Frederick FUNG asked whether registration could start earlier than the designated date of 28 August 2011. The Administration should enable as many people, especially the elderly, receive the benefit as possible by setting an earlier registration date.

31. Ms Starry LEE expressed disappointment at the slow progress of implementation of the Scheme \$6,000. Noting that the registration would start on 28 August 2011, Ms LEE asked whether the registration forms could be made available to applicants at an early stage, so that completed forms could be submitted before the registration date. This would avoid elderly applicants having to queue up for registration on the first date of registration.

32. SFST responded that if FC approved the funding application at this meeting, the Administration would still need reasonable lead time for the preparatory work, including finalizing system development, conducting system testing and making logistics arrangements, as well as launching publicity to inform the public of the registration procedures and other relevant aspects of the Scheme. These activities would take about seven weeks from the date of the funding approval. PSTsy supplemented that time was required for the Government, the participating banks and the Hongkong Post to adjust their operations in preparation for the Scheme. A date had to be designated as the commencement date for registration. It was the Administration's intention to distribute the registration forms a few days before the registration date, but the registration forms would only be accepted for processing from 28 August 2011 onwards.

33. In response to the Chairman, PSTsy confirmed that registrants were expected to return the completed registration forms to a bank branch office or

post office starting from 28 August 2011. The Chairman suggested that the Administration should make this point clear in its publicity message.

34. Mr Albert HO said that there were wide gap between members and the Administration on how the fiscal surplus should be used to help that in need, and for long term social investment. The Scheme \$6,000 was introduced without thorough discussion in the community. However, he did not intend to revive the debate in this occasion, as the public was expecting the Administration would handout the payment. Mr HO said that many political parties were dissatisfied with the sluggish pace with which the Administration implemented the decision where consensus had been reached.

Direct payment into existing welfare or civil servant accounts

35. Mr TAM Yiu-chung noted that the Administration had declined the suggestion of crediting the cash handout directly to the accounts of certain beneficiaries (namely civil servants, recipients of Comprehensive Social Security Assistance (CSSA) or Social Security Allowance (SSA)), as the accounts information and person identity information were already kept by the Government. He commented that the Administration was over-cautious, and it would unlikely attract criticism or legal challenge for providing greater convenience to the needy.

36. Dr PAN Pei-chyou, Mr Frederick FUNG, Ms Starry LEE, Mr WONG Sing-chi and Mr KAM Nai-wai shared the views of Mr TAM that direct payment into the bank accounts of welfare recipients would obviate the need for elderly or disabled beneficiaries to travel a distance to a bank branch or post office to submit registration forms. Ms Miriam LAU added that while elderly persons welcomed the Scheme \$6,000, they would find the registration procedure cumbersome. She supported the suggestion that the payment should be credited directly to elderly recipients' accounts and asked the Administration to reconsider members' views.

37. Mr LEUNG Yiu-chung said that many elderly people had to rely on others to help them complete the registration form. He said that the Administration should credit the handout directly to their accounts to reduce opportunities for fraud. If personal privacy was a concern, the Administration should seek consent from these beneficiaries in writing for using their personal information for the purpose of the Scheme \$6,000.

38. SFST responded that several options of handing out the \$6,000 cash had been considered, and the difficulties of paying the cash handouts through existing accounts for recipients of CSSA or SSA were explained in the paper. In particular, SFST explained that according to PDPO, personal data could not

be used for purposes other than that for which they were collected without the consent of the data subjects. Even when the Administration had the account and personal information of certain beneficiaries, prior and explicit consent from them had to be sought afresh before such information could be used for the purpose of the Scheme \$6,000. The time and administrative work saved were expected to be minimal, if any. Besides, implementing a dual registration system for different groups of recipients would create more confusion to the public.

39. Mr WONG Sing-chi and Mr KAM Nai-wai asked if the Administration had discussed with the Privacy Commissioner for Personal Data ways to address the personal data concern. Mr Albert HO criticized that the Administration's reluctance to consider direct payment into the accounts of the civil servants and welfare beneficiaries reflected departments' bureaucratic and inward-looking mentality.

40. PSTsy said that the Administration's objective was to implement a user-friendly system to all eligible persons under the Scheme \$6,000. Even if the Administration was to implement a procedure to seek consent from the civil servants and welfare recipients, they would still have to complete and return a consent form. The process was no different from the registration procedure and the time gained would be minimal. As for the other five million eligible persons, the Administration would still have to set up a platform to receive their registration. The parallel registration approach as suggested would unlikely speed up the process, but rather create more confusion to the public.

41. Mr LEUNG Kwok-hung said that the proposed registration system was cumbersome. He criticized the Administration for being bureaucratic in ignoring the public views for a simplified payment method for welfare recipients through their bank accounts already registered with the Social Welfare Department. SFST responded that one should not underestimate the complexity of introducing an alternative payment system for beneficiaries through existing accounts for welfare payments.

Eligibility of HKPIC holders living overseas and payment arrangements

42. Mr Ronny TONG recalled that the Financial Secretary (FS) had indicated earlier that the Administration would not introduce measures, such as handing out cash to individual citizens, which would fuel inflation. He said that FS should come to Legislative Council (LegCo) to explain his complete u-turn in position. He said that the eligibility criteria for the Scheme \$6,000 was contrary to social justice because it disregarded those who lived in and contributed to Hong Kong while benefited those who had migrated and were disconnected with this city. He pointed out that cash assistance would also be

provided through the Community Care Fund, but the assistance would only be offered to new arrivals who could demonstrate they were in financial need. By contrast, the Scheme \$6,000 was more generous to overseas HKPIC holders who were not even paying tax in Hong Kong. He asked whether the cash handouts to overseas HKPIC holders were taxable in their place of residence, and if so, the Scheme would indirectly subsidize foreign governments with Hong Kong taxpayers' money.

43. SFST responded that the Scheme was introduced in response to community views. Whether the cash handout was taxable in the country an overseas HKPIC holder resided depended on individual circumstances. In the present case, the Administration would adopt the holding of HKPIC as one of the criteria for determining the eligibility of recipients. SFST added that he was not in the position to comment on the eligibility criteria of the cash handout scheme to be implemented under CCF.

44. Mr James TO said that some eligible HKPIC holders living overseas had requested that arrangements be made for them to collect the handout from the Hong Kong Economic and Trade Offices (HKETOs) in their countries of residence. He commented that these people had supported the local activities organized by the HKETOs and had helped receive senior officials and the Chief Executive when they visited those countries.

45. PSTsy responded that the Scheme covered more than six million persons, including those living overseas with different situations. It would not be possible to devise separate payment arrangements to suit every specific case.

46. In response to Mrs Regina IP, SFST confirmed that the \$6,000 handout would not be taxable.

47. The Chairman put the item to vote. As requested by members, the Chairman ordered a division. A total of 23 members voted, with 23 members voted for the proposal and none voted against. Four members abstained from voting. The voting results of individual members were as follows:

For:

Mr James TO Kun-sun

Mr CHAN Kam-lam

Mr LAU Kong-wah

Mr Tam Yiu-chung

Mr Frederick FUNG Kin-kee

Dr Joseph LEE Kok-long

Mr CHEUNG Man-kwong

Dr Philip WONG Yu-hong

Ms Miriam LAU Kin-yee

Ms LI Fung-ying

Mr LEE Wing-tat

Mr Jeffrey LAM Kin-fung

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Mr Andrew LEUNG Kwan-yuen
Mr WONG Ting-kwong
Ms Starry LEE Wai-king
Mr Paul CHAN Mo-po
Mr IP Kwok-him
Mr LEUNG Kwok-hung
(23 members)

Mr CHEUNG Hok-ming
Mr KAM Nai-wai
Mr CHAN Hak-kan
Mr CHEUNG Kwok-che
Dr PAN Pey-chyou

Abstain:

Mr LEE Cheuk-yan
Ms Cyd HO Sau-lan
(4 members)

Ms Audrey EU Yuet-mee
Ms Tanya CHAN

48. The Chairman declared that the Committee approved the proposal.

**Item No. 3 - FCR(2011-12)36
2011-12 CIVIL SERVICE PAY ADJUSTMENT**

49. The Chairman advised that the item sought FC's approval of an increase in pay by 7.24% for civil servants in the directorate and upper salary band, and by 6.16% for civil servants in the middle and lower salary bands. Approval was also sought to (a) apply the same rate of adjustment to staff of the Independent Commission Against Corruption, teaching and non-teaching staff of aided schools and those subvented sector staff who were remunerated according to civil service pay scales, and (b) make corresponding adjustment to the provisions for subvented bodies whose funding was price-adjusted on the basis of formulae including a factor of civil service pay adjustment.

50. Mr CHEUNG Kwok-che supported the funding proposal. He said that the proposed salary adjustment could help civil servants and employees in subvented organization cope with inflation. However, he expressed concern that since the implementation of the lump sum grant, there had been cases where part of the additional subvention to non-governmental organizations (NGOs) earmarked for salary adjustment were held up, and staff in these subvented organizations were not enjoying the same level of remuneration as their civil servant counterparts. Mr CHEUNG considered the system unfair and was contrary to the objective of adjusting provisions to NGOs. He asked if the Administration had any mechanism to monitor how subvented NGOs used their resources.

51. Secretary for the Civil Service (SCS) responded that the Government, as a general rule, was not involved in the determination of pay or

pay adjustment of staff working in subvented bodies, as these were internal management matters of the concerned bodies as employers and their employees. The Administration would not directly impose any pay adjustment applicable to the civil service to employees in the subvented sector. SCS further explained that following a civil service pay adjustment, the Administration would accordingly adjust the provisions for subventions and it would be up to individual subvented NGOs, as employers, to decide whether to adjust and if so, the rate of adjustment of their employees' salaries. Controlling Officers would also remind the subvented bodies concerned that the additional subventions were meant to allow room for pay adjustment for their staff. The LegCo Panel on Welfare Services also played a role in following up the use of subvention.

52. Mr CHEUNG asked if the Administration considered it a deceptive act for NGOs to withhold the additional provisions for pay adjustments of their staff. SCS responded that the annual subvention provided for NGOs far exceeded the additional provisions for salary adjustment, and the Administration would not impose restrictions under the lump sum grant policy on how precisely NGOs were to use the subvention. Mr CHEUNG commented that the additional provisions for salary adjustment in the subvented sector should be distinguished from other provisions in the lump sum grant, as it was provided for the specific purpose of salary adjustments. He criticized that the current system was open to abuse by NGOs, and would only worsen the conditions of service for employees in the subvented sector.

53. Mr LEE Cheuk-yan expressed support for the funding proposal as the salary adjustment would help the employees cope with the inflation. He commented that the Government should not give the impression that it had no power to do anything against subvented NGOs not making the pay adjustment to their staff according to the relevant civil service pay scales. He considered that Government, being the funding body, should have a role to monitor how the subvention was used. Otherwise, the resources designated for staff salaries might be diverted to other purposes or to benefit the top management. He stressed that the Government should ensure equal pay for equal work in both government departments and the subvented sector, and a mechanism should be set up to monitor the use of such subvention in the NGOs.

54. Mr LEUNG Kwok-hung commented that the Administration should rectify the loophole in the subvention system to guard against NGOs diverting designated resources for salary adjustments to other purposes. He considered it unfair for the subvented organizations to increase the pay only for their senior staff.

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55. SCS reiterated that it was not appropriate for the Administration to interfere with the adjustment of staff salary in subvented organizations, as this was their internal management matter. That said, Controlling Officers would remind the subvented bodies concerned that the additional subventions were meant to allow room for pay adjustment for their staff. As far as she knew, a large majority of subvented organizations had indeed used the additional subventions to adjust the salaries of their employees.

56. Mr LEE Cheuk-yan expressed concern that non-civil servant contract (NCSC) staff in the Government might not enjoy the same level of salary adjustment, and the current policy had rendered these staff "secondary class employees". While the salaries and conditions of service of NCSC staff were determined by the respective bureaux or departments who engaged them, these bureaux or departments would have no resources to absorb the cost of salary adjustment for NCSC staff unless extra resources were made available to them. Mr LEE asked if there were mechanisms where the Administration would make sufficient provisions to bureaux and departments for salary adjustment to NCSC staff whenever there was adjustment to civil servant salaries.

57. SCS said that there had been a lot of discussion on this at the Panel on Public Service. She explained that civil servants and NCSC staff were employed under two different systems. As NCSC staff were not civil servants and their pay was determined by the respective bureau or department employing such staff, the Administration did not consider that the pay adjustment for civil servants should automatically be applied to these staff. Bureaux and departments were delegated with the authority to review and adjust, where appropriate, the pay of their NCSC staff taking into consideration various relevant factors. SCS added that past experience suggested that major bureaux and departments having NCSC staff had under-expenditure even after taking into account pay adjustment for their NCSC staff.

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

Item No. 4 - FCR(2011-12)37

LOAN FUND

HEAD 254 – LOANS TO STUDENTS

Subhead 101 Students of the universities, the Hong Kong Institute of Vocational Education and Hong Kong Design Institute of the Vocational Training Council, Prince Philip Dental Hospital, Hong Kong Institute of Education and Hong Kong Academy for Performing Arts

Subhead 102 Non-means-tested loan scheme

Subhead 103 Means-tested loan for post-secondary students

59. The Chairman advised that the item sought FC's approval of the extension of the application period of the existing one-off relief arrangement concerning deferment of student loan repayment for one year until 31 July 2012.

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

Item No. 5 - FCR(2011-12)38

**HEAD 156 – GOVERNMENT SECRETARIAT :
EDUCATION BUREAU**

Subhead 000 Operational expenses

HEAD 170 – SOCIAL WELFARE DEPARTMENT

Subhead 179 Comprehensive social security assistance scheme

**HEAD 173 – STUDENT FINANCIAL ASSISTANCE
AGENCY**

Subhead 228 Student financial assistance

61. The Chairman advised that the item sought FC's approval of the enhancement measures for the Pre-primary Education Voucher Scheme and the Kindergarten and Child Care Centre Fee Remission Scheme and the supplementary provision of \$99 million under Head 173 Student Financial Assistance Agency Subhead 228 Student financial assistance in 2011-12 to implement the enhancement measures from the 2011/12 school year.

62. Mr LEE Cheuk-yan reiterated his position that the Administration should introduce 15 years of free education and implement a salary scale for kindergarten teachers, instead of issuing pre-primary education vouchers.

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

64. The Chairman extended the meeting for 15 minutes.

Item No. 6 - FCR(2011-12)39

**HEAD 156 – GOVERNMENT SECRETARIAT :
EDUCATION BUREAU**

Subhead 700 General Non-recurrent

New item "After-school Learning Support Partnership Pilot Scheme"

65. The Chairman advised that the item sought FC's approval of a new commitment of \$110 million for launching an After-school Learning Support Partnership Pilot Scheme.

66. Ms Starry LEE, Chairman of the Panel on Education, reported that the proposal was discussed at the Panel meeting held on 13 June 2011. While supporting the funding proposal to provide after-school learning support to students from low-income families, Panel members considered that the scheme should be more flexible so as to benefit more students. Some Panel members suggested that the scope of the scheme should not be limited to 50 schools only, but should be provided according to the needs of each district. Apart from engaging students from teacher education institutions (TEIs), retired teachers could be considered to be invited as tutors. Panel members also requested the Administration to complete review of the pilot scheme as early as possible with a view to expanding its coverage to benefit more students.

67. Ms Cyd HO said that the proposal was first put forward to the Administration as early as 1999. The Financial Secretary at that time declined to implement the proposal on grounds that school authorities were reluctant to open up their school premises for management reasons. She was pleased to see that the project was taken forward eventually. She expressed concern about recruiting suitable tutors, and suggested putting in place an evaluation process for tutors. She noted that participating schools and TEIs had undertaken to take part in the evaluation of the pilot scheme. She also requested the Administration to report the progress to the Panel on Education in six-months' time so that necessary refinements could be introduced to the pilot scheme.

68. Under Secretary for Education (USED) said that the Administration would report progress to the Panel on Education at an appropriate time after the pilot scheme had operated for some time. The Administration would jointly

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monitor the effectiveness of the pilot scheme with the participating schools and TEIs. USED added that apart from providing after-school learning support to students from low-income families, the pilot scheme would also serve the objective of providing training opportunities for pre-service teachers. Tutors would therefore be sourced from students receiving pre-service teacher training in TEIs and universities. However, there would also be provisions available for schools to engage third parties (including retired teachers if schools see fit) to provide administrative support for the pilot scheme.

69. Mr LEE Cheuk-yan supported the proposal. He said that the scheme should be implemented on a regular basis covering all districts rather than as a pilot scheme. As many low-income parents did not have the means and time to coach their children, the scheme would be able to provide useful assistance for students from low-income families to make the best of their education opportunities. He said that the scheme should not be for the purpose of teachers' training, and suitable manpower should be recruited for the operation of the scheme.

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

71. The meeting was adjourned at 7:43 pm.