

立法會
Legislative Council

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Finance Committee of the Legislative Council

**Minutes of the 26th meeting
held at the Legislative Council Chamber
on Monday, 18 July 2011, at 11:05 am**

Members present:

Hon Emily LAU Wai-hing, JP (Chairman)
Prof Hon Patrick LAU Sau-shing, SBS, JP (Deputy Chairman)
Hon LEE Cheuk-yan
Hon James TO Kun-sun
Hon CHAN Kam-lam, SBS, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP
Dr Hon Philip WONG Yu-hong, GBS
Hon WONG Yung-kan, SBS, JP
Hon TAM Yiu-chung, GBS, JP
Hon LI Fung-ying, SBS, 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, GBS, JP
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon WONG Ting-kwong, BBS, JP
Hon Ronny TONG Ka-wah, SC
Hon KAM Nai-wai, MH
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, JP
Hon IP Wai-ming, MH

Hon IP Kwok-him, GBS, JP
Dr Hon PAN Pey-chyou
Hon LEUNG Kwok-hung
Hon Tanya CHAN
Hon WONG Yuk-man

Members absent:

Hon Albert HO Chun-yan
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Dr Hon David LI Kwok-po, GBM, GBS, JP
Hon Fred LI Wah-ming, SBS, JP
Dr Hon Margaret NG
Hon CHEUNG Man-kwong
Hon LEUNG Yiu-chung
Hon LAU Kong-wah, JP
Hon LAU Wong-fat, GBM, GBS, JP
Hon Miriam LAU Kin-yea, 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 Audrey EU Yuet-mee, SC, JP
Hon LEE Wing-tat
Hon CHEUNG Hok-ming, GBS, JP
Hon CHIM Pui-chung
Hon Cyd HO Sau-lan
Hon Starry LEE Wai-king, JP
Dr Hon LEUNG Ka-lau
Hon CHEUNG Kwok-che
Hon WONG Sing-chi
Hon WONG Kwok-kin, BBS
Hon Mrs Regina IP LAU Suk-yea, GBS, JP
Hon Paul TSE Wai-chun, JP
Dr Hon Samson TAM Wai-ho, JP
Hon Alan LEONG Kah-kit, SC
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)
Mr TSANG Tak-sing, GBS, JP	Secretary for Home Affairs
Mr Raymond YOUNG Lap-moon, JP	Permanent Secretary for Home Affairs
Mr Benjamin MOK Kwan-yu	Acting Deputy Secretary for Home Affairs (2)
Mr Godwin FUNG	Acting Chief Executive, Hong Kong Sports Institute
Mr Kenneth CHEN, JP	Under Secretary for Education
Miss Linda SO	Principal Assistant Secretary for Education (Further Education)
Mrs Alice CHEUNG CHIU Hoi-yue	Deputy Secretary for Commerce and Economic Development (Commerce and Industry) 3
Ms Carol YUEN Siu-wai, JP	Deputy Director-General of Trade and Industry (Commercial Relations, Controls and Support)
Miss Belinda KWAN	Assistant Director-General of Trade and Industry (Industries Support)
Mr Andrew WONG Ho-yuen, JP	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Ms Linda LAI Wai-ming, JP	Deputy Secretary for Commerce and Economic Development (Commerce and Industry) 1
Mrs Janet CHU	Principal Executive Officer (Administration), Commerce and Economic Development Bureau
Miss Charmaine LEE	Acting Deputy Secretary for the Civil Service (2)

Clerk in attendance:

Mrs Constance LI

Assistant Secretary General 1

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. 3 - FCR(2011-12)42

HEAD 53 – GOVERNMENT SECRETARIAT :

HOME AFFAIRS BUREAU

Subhead 700 General non-recurrent

New Item “Injection into the Elite Athletes Development Fund”

The committee resumed discussion of the item which was carried over from the previous meeting adjourned at 11:00 am.

2. Mr KAM Nai-wai supported the idea of setting up the EADF. He said that Members belonging to the Democratic Party had urged the Government to set up a sports fund when examining the Administration's proposal of bidding to host the 2023 Asian Games. However, he expressed grave concern about the operation of HKSI and monitoring of the EADF. He had reservations about the Administration's proposal to vest with SHA the authority to approve annual allocations to HKSI, having regard to SC's advice, the investment return of EADF and the HKSI's budget. He was worried that it would undermine the monitoring role of the Legislative Council (LegCo). While he noted that the audited statement of the EADF annual account would be incorporated into the financial report of the Secretary for Home Affairs Incorporated (SHAI) for tabling at the LegCo, he considered such an arrangement insufficient to ensure proper monitoring by LegCo and the public. He asked if SHA would undertake also to consult LegCo Members before approving annual allocations to HKSI.

3. SHA assured Members that the arrangement would not undermine the monitoring role of LegCo concerning government's spending on elite sports development and promotion of sports for all in Hong Kong. He highlighted that as HKSI as an independent organization, its annual budget and strategic development plan would be considered and approved by its Board of Directors,

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while HAB would oversee the administration and the investment of EADF having regard to SC's advice. To ensure effective use of the EADF allocation by HKSI, HAB would enter into an annual service agreement with HKSI that would set out the performance standards and requirements expected of HKSI. Apart from tabling at LegCo the annual financial report of SHAI incorporating the EADF's audited statement of account, the Administration would be happy to brief the Panel on Home Affairs on the progress of and related expenses on elite sports training and development. HKSI would publish annual reports providing also its financial arrangements for public information.

4. Mr KAM Nai-wai asked whether the seed capital of \$1 billion could be used to implement HKSI initiatives if the annual investment return from EADF fell short of the 6% target (i.e. \$360 million per annum). SHA explained that EADF aimed at providing steady financial support for HKSI, and the 6% annual investment return was based on Hong Kong Exchange Fund (HKEF)'s performance over the past six years. If necessary, SHA could make use of the \$1 billion seed capital of EADF deposited with banks to meet HKSI's funding needs.

5. Miss Tanya CHAN commented that the amount of incentive award for disabled athletes who won medals in major competitions was only about one-tenth of the award to able-bodied athletes. She urged the Administration to narrow the disparity between the two. She also called on the Administration to enhance the transparency of the Sports Commission (SC), by disclosing its agenda, attendance records and minutes of meetings on SC's website for public information.

6. Acting Deputy Secretary for Home Affairs (2) advised that the funding support and level of incentive awards for disabled and non-disabled athletes were mainly based on the level of participation and competitiveness of the sporting events. Many countries in the world had set different levels of incentive awards for their disabled and non-disabled athletes. Following a review by SC in 2009, the amount of incentive awards for both disabled and non-disabled medallists at major international events had been increased significantly to encourage Hong Kong athletes to strive for excellence. For example, the award for a disabled gold medallist at the Asian Paralympic Games had been increased from \$60,000 to \$300,000. Representatives of the two associations for disabled athletes were also involved in the review process back in 2009. SC would review the incentive awards after the 2012 Olympic Games and Paralympic Games.

7. On the transparency of SC, SHA said that SC did issue press releases on the major decisions it had made and consideration could be given to

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uploading non-sensitive information relating to SC meetings on its website. The Panel on Home Affairs would also be briefed on the work of SC. At the request of Miss Tanya CHAN, Ag DSHA(2) agreed to consider providing for members' information the text of the service agreement made between HAB and HKSI.

8. Referring to the estimated income and expenditure of HKSI from 2011-12 to 2016-17 at Enclosure 5 of the paper, Miss Tanya CHAN enquired about the reasons for the projected expenditure increase from about \$290 million in 2011-12 to \$370 million in 2016-17. She also enquired about the financial support for coaches. Ag CE/HKSI replied that the projected increases were mainly due to additional funding required to enhance athlete support and training in preparation for and participation in major competition events to be held in the years under forecast. Regarding the support for coaches, Ag CE/HKSI advised that HKSI had a dedicated team responsible for providing administrative support to the coaches. Initial quarters and other support services were also available for non-local coaches as they arrived in Hong Kong.

9. Mr WONG Kwok-hing expressed support for the funding proposal. He enquired whether the annual allocations to HKSI would be increased if the investment return from the seed capital deposited with HKMA exceeded 6%. He also requested the Administration to consider allowing the Mandatory Provident Fund (MPF) scheme members to choose to deposit their MPF contributions with HKMA to earn an investment return linked to the performance of HKEF.

10. SHA responded that the purpose of the EADF was to ensure steady and reliable funding resources for HKSI to implement its initiatives on a sustainable and long-term basis. The funding support for HKSI would therefore not be affected by fluctuations in investment return from the deposit placed with HKMA. On Mr WONG's suggestion of providing more investment option for MPF scheme members, Secretary for Financial Services and the Treasury said that the matter had been discussed on many occasions and a review would be conducted on the scheme. He remarked that it might not be appropriate to link MPF to the performance of HKEF.

11. Mr TAM Yiu-chung said that Members belonging to the Democratic Alliance for the Betterment and Progress of Hong Kong supported the funding proposal. He observed that given Hong Kong athletes' outstanding performance in the Asian Games, there was broad community consensus that more resources and financial support should be provided for Hong Kong athletes. He called on the Administration to increase the provision of

community sports facilities despite the decision not to host the 2023 Asian Games. SHA took note of the views expressed.

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

Item No. 4 - FCR(2011-12)44

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

Subhead 700 General non-recurrent

Item 987 Qualifications Framework Support Schemes

13. The Chairman said that the Committee was invited to approve enhancements to the Qualifications Framework Support Schemes (QFSS) to boost the development of the Qualifications Framework (QF). She added that the proposal had been discussed by the Panel on Manpower on 17 June 2011.

14. Mr LEE Cheuk-yan, Chairman of the Panel on Manpower, reported that Panel members had no objection to the proposed enhancements to QFSS. Some Panel members were of the view that an employee should be allowed to receive 100% reimbursement of the Recognition of Prior Learning (RPL) assessment fees upon passing the RPL assessment.

15. Mr LEE Cheuk-yan further said that the degree of employee participation in RPL assessment was far from satisfactory as many employees had long working hours and could hardly spare the time to attend training courses after work. He called on the Administration to consider encouraging employers to grant study leave for their workers to attend training to promote the development of QF. Agreeing with Mr LEE Cheuk-yan, Mr IP Wai-ming envisaged that QFSS could hardly succeed unless workers were given the time to attend training courses. He urged the Education Bureau to coordinate with the Labour and Welfare Bureau (LWB) to introduce appropriate measures to facilitate the implementation of QFSS.

16. Under Secretary for Education (US(Ed)) responded that there was a five-year transitional period for each industry during which employees might apply for recognition of their qualifications from QF Level 1 to 3, based on their past relevant working experience. While the number of employees undergoing RPL assessment during the initial period was relatively low, employee participation in RPL assessment was expected to pick up towards the end of the transitional period. To help boost the development of QF, the Administration had proposed enhancements to the various QF financial

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assistance schemes by relaxing their operating parameters, including the scope, eligibility criteria and level of assistance. These enhancements were expected to provide greater incentive for training providers to seek accreditation of their learning programmes and for employees to pursue further training or studies. As regards members' views for study leave, US(Ed) undertook to relay to LWB for consideration.

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17. Mr IP Wai-ming considered it unfair to workers to withhold the reimbursement of 25% of the RPL assessment fees until the completion of their QF-qualified course. To encourage employee participation in RPL assessment, he said that the employees should receive full reimbursement of the assessment fees upon passing the assessment. Mr WONG Kwok-hing shared a similar view and said that employees should be granted 100% reimbursement as an encouragement to undertake further training.

18. US(Ed) responded that at present, the RPL assessment fees incurred by employees would be reimbursed on the condition that they had completed a QF-recognized course after the assessment. To encourage employee participation, the Administration proposed that 75% of the RPL assessment fee should be reimbursed to the employee upon passing the RPL assessment, while the remaining 25% would be reimbursed upon satisfactory completion of the QF-recognized course. The Administration considered the arrangement conducive to incentivise employees to pursue further training and to progress to a higher QF level.

19. Mr WONG Kwok-hing asked about the reasons for setting the level of grant for education and training providers without the proof of non-profit-making status at half of that for non-profit-making organisations. US(Ed) responded that currently the accreditation grant only covered non-profit-making providers and their self-financing programmes. To encourage more providers to seek validation for their programmes, the Administration proposed that all education and training providers, irrespective of whether they were non-profit-making organizations or not, should be eligible for the accreditation grant. The Administration considered that non-profit-making organizations should enjoy a greater degree of support than those who were not. As such, the level of grant for the former was set at twice of that for the latter. US(Ed) added that the ceiling of the grant of \$3 million for each provider would apply to all providers, irrespective of their status. The Administration would continue to monitor and review the expenditure situation. Subject to availability of funds within the approved commitment and in the light of the further development of QF, the Administration might further fine-tune the operational details of QFSS having regard to operational experience and views of the relevant stakeholders.

20. The Chairman put the item to vote. The Committee approved the proposals.

Item No. 5 - FCR(2011-12)43

HEAD 181 – TRADE AND INDUSTRY DEPARTMENT

Subhead 700 General non-recurrent

Item 520 SME Loan Guarantee Scheme

Item 524 SME Export Marketing and Development Funds

21. The Chairman said that the Committee was invited to approve -

- (a) an increase in the loan guarantee commitment under the SME Loan Guarantee Scheme (SGS) from \$20 billion by \$10 billion to \$30 billion, and to meet contingent liabilities arising from this guarantee; and
- (b) an increase in the approved commitment under the SME Export Marketing and Development Funds from \$2.75 billion by \$1 billion to \$3.75 billion.

The Chairman added that the proposals had been discussed by the Panel on Commerce and Industry on 21 June 2011.

22. Mr Andrew LEUNG declared that he represented the commerce and industry sector. Expressing support for the funding proposals, he said that with the Government acting as guarantor, the SGS had helped local small and medium enterprises (SMEs) secure loans from lending institutions to tide over the credit crunch arising from the global financial tsunami. The Export Marketing Fund (EMF) had also provided timely assistance to help SMEs expand their business and promote exports to overseas and Mainland markets.

23. Mr WONG Kwok-hing said that as a Member representing the labour sector, he welcomed the Administration's proposal to increase the commitments of the SGS and EMF to sustain the continued operation of the two schemes. Noting that SMEs were the major employers of the workforce in the private sector, he urged the Administration to strengthen its support to local SMEs to help enhance their competitiveness and preserve employment. In response to Mr WONG's enquiry, Deputy Director-General of Trade and Industry (Commercial Relations, Controls and Support) said that 12 828 SMEs employing a total of 114 000 employees had benefitted from SGS. Mr WONG remarked that statistics on the preservation of jobs should be included in the

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Administration paper for members' information when submitting the funding proposals in the future. The Administration noted the suggestion.

24. The Chairman put the item to vote. The Committee approved the proposals.

Item No. 6 - FCR(2011-12)45

**HEAD 96 – GOVERNMENT SECRETARIAT :
OVERSEAS ECONOMIC AND TRADE OFFICES
Subhead 000 Operational expenses**

**HEAD 28 – CIVIL AVIATION DEPARTMENT
Subhead 000 Operational expenses**

**HEAD 31 – CUSTOMS AND EXCISE DEPARTMENT
Subhead 000 Operational expenses**

**HEAD 60 – HIGHWAYS DEPARTMENT
Subhead 000 Operational expenses**

**HEAD 100 – MARINE DEPARTMENT
Subhead 000 Operational expenses**

**HEAD 122 – HONG KONG POLICE FORCE
Subhead 000 Operational expenses**

**HEAD 144 – GOVERNMENT SECRETARIAT : CONSTITUTIONAL
AND MAINLAND AFFAIRS BUREAU
Subhead 000 Operational expenses**

25. The Chairman advised that the Committee was invited to approve:
- (a) a system for determining rent allowance payable to officers posted to overseas Economic and Trade Offices (ETOs) under the Commerce and Economic Development Bureau (CEDB) and those on secondment to overseas organizations;
 - (b) the delegation of authority to the Secretary for Commerce and Economic Development to approve the rent allowance rates for existing and new ETOs in accordance with the proposed system;

- (c) the delegation of authority to the Secretary for the Civil Service to approve the rent allowance rates for ongoing and future secondments to overseas organizations in accordance with the proposed system; and
- (d) the specification of pre-determined portions (i.e. 25%, 50%, or 75%) of monthly salary to be covered under the Exchange Compensation Allowance scheme for officers posted/seconded outside Hong Kong.

26. The Chairman said that the proposals had been discussed by the Panel on Commerce and Industry on 21 June 2011.

27. Mr IP Kwok-him expressed support for the proposals, and asked about the number of staff members in ETOs on secondment terms. Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (PSCIT) advised that currently 45 officers were posted from Hong Kong to the 11 overseas ETOs under CEDB, while nine officers from Hong Kong were on secondment to overseas organizations such as the General Secretariat of Interpol. In addition, a total of 138 staff (mostly clerical or secretarial staff) were employed locally on contract terms, and these staff were not entitled to the rent allowance.

28. Referring to a recent duty visit by the Subcommittee on Harbourfront Planning under the Panel on Development to the United States and Canada, Prof Patrick LAU, Chairman of the Subcommittee and leader of the delegation, commented that the assistance and reception received from the Vancouver and New York ETOs were very different. While the ETO staff in Vancouver had provided great assistance including arranging the delegation to meet with Councillors of the Vancouver City Council, members of the delegation were disappointed with the lukewarm response from the New York ETO. Prof LAU expressed regret that the delegation did not even have the chance of meeting with the ETO staff in New York. He expressed concern about the disparity of treatment by the two ETOs in dealing with LegCo delegations on official visit.

29. The Chairman enquired whether it was the duty of the overseas ETOs to receive and assist LegCo delegation on overseas duty visit, and whether the Administration had established policy or practice in this regard.

30. Mr LEUNG Kwok-hung remarked that the overseas ETOs, being funded by public money, should be subject to public monitoring. The respective ETOs should have the duty to assist LegCo delegation on overseas

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official visit, and to arrange for the delegation to visit the ETO offices and meet with representatives of relevant local organizations.

31. PSCIT advised that the Administration and the LegCo Secretariat had agreed on arrangements for assisting overseas duty visits of LegCo delegations. Under the established practice, the LegCo Secretariat would contact and inform the respective ETO of the purpose and programme of the visit in advance. The respective ETO would assist the LegCo Secretariat in booking accommodation and transportation, and in drawing up the visit programme including lining up meetings with relevant organizations or individuals as requested by the delegation. He said that during his recent meeting with all the Heads of ETOs, he had reminded them about the established practice regarding the provision of assistance to LegCo delegation on overseas duty visit in their respective city. ETOs were also encouraged to render every assistance to the delegation in response to Members' requests, and take the opportunity to brief the delegation on the work of the ETOs. Where necessary, CEDB would also help to follow up Members' requests with the ETOs.

32. PSCIT pointed out that the main function of overseas ETOs was to promote Hong Kong's economic and trade interests. He hoped that Members would understand that while ETOs had close liaison with the business and commercial sectors, politicians and the news media in the respective city, ETOs might have limitations in providing assistance in liaising with other organizations. He further advised that the Head of New York ETO would be pleased to meet with the LegCo delegation from the Subcommittee on Harbourfront Planning but unfortunately the meeting could not be arranged due to some unforeseeable circumstances.

33. The Chairman said that to avoid misunderstanding, the Administration should clearly spell out that it was the duty of the overseas ETOs to receive and assist LegCo delegations on official visits. She hoped that the ETOs should accord priority to receiving LegCo delegation, explaining the work of ETOs to the delegation, and rendering assistance as requested by the delegation. At the request of Mr LEUNG Kwok-hung, PSCIT undertook to provide information on the number of LegCo official visits assisted by overseas ETOs in the past year.

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(Post-meeting note: The Administration had provided information on the number of LegCo official visits assisted by overseas ETOs on 29 July 2011.)

34. Mrs Sophie LEUNG said that while she agreed that the ETOs should provide assistance as far as practicable to LegCo delegations on duty visits, the

main function of overseas ETOs was to promote Hong Kong's economic and trade interests, and that ETOs might only be able to provide limited assistance in liaising with organizations other than those in the business and commercial sectors. She remarked that specific requests and requirements of LegCo delegation should be conveyed to the respective ETO prior to the visit to avoid misunderstanding in the future.

35. Mr WONG Ting-kwong, Chairman of the Panel on Commerce and Industry, said that Panel members supported in principle the proposed rent allowance system and the new arrangements for the Exchange Compensation Allowance scheme. He believed that the delegation's experience with the New York ETO was only an isolated incident probably due to misunderstanding.

36. Mr IP Kwok-him said that he had led a delegation of the Panel on Home Affairs to Japan and the Republic of Korea, and the delegation was satisfied with the assistance provided by the Tokyo ETO. Mr WONG Yung-kan added that the delegation of the Panel on Food Safety and Environmental Hygiene to Japan had also found the Tokyo ETO helpful. He also commended the London ETO for assisting Hong Kong students stranded in the airport in London during the snowstorm in December 2010.

37. Mr CHAN Kam-lam expressed support for the Administration's proposals. He opined that Members' queries on the duties and performance of ETOs were policy matters which should more appropriately be followed up by the Panel on Commerce and Industry. Mr WONG Ting-kwong and Mr WONG Yung-kan expressed similar views.

38. The Chairman put the item to vote. The Committee approved the proposals.

39. The Chairman said that this was the last Finance Committee meeting in the 2010-2011 legislative session. She thanked members and representatives of the Administration for their attendance and contributions at the meetings.

40. The meeting was adjourned at 12:33 pm.