

立法會
Legislative Council

LC Paper No. FC167/14-15

Ref : FC/1/1(1)

Finance Committee of the Legislative Council

**Minutes of the 25th meeting
held at Conference Room 1 of the Legislative Council Complex
on Friday, 16 January 2015, at 5:55 pm**

Members present:

Hon Tommy CHEUNG Yu-yan, SBS, JP (Chairman)
Hon CHAN Kin-por, BBS, JP (Deputy Chairman)
Hon Albert HO Chun-yan
Hon LEE Cheuk-yan
Hon James TO Kun-sun
Hon CHAN Kam-lam, SBS, JP
Hon LEUNG Yiu-chung
Hon Emily LAU Wai-hing, JP
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, GBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon Vincent FANG Kang, SBS, JP
Hon WONG Kwok-hing, BBS, MH
Prof Hon Joseph LEE Kok-long, SBS, JP, PhD, RN
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Hon Cyd HO Sau-lan, JP
Hon Starry LEE Wai-king, JP
Hon CHAN Hak-kan, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon CHEUNG Kwok-che
Hon WONG Kwok-kin, SBS
Hon IP Kwok-him, GBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP

Hon Paul TSE Wai-chun, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Hon Albert CHAN Wai-yip
Hon WONG Yuk-man
Hon Claudia MO
Hon Michael TIEN Puk-sun, BBS, JP
Hon James TIEN Pei-chun, GBS, JP
Hon NG Leung-sing, SBS, JP
Hon Steven HO Chun-yin
Hon Frankie YICK Chi-ming
Hon WU Chi-wai, MH
Hon YIU Si-wing
Hon Gary FAN Kwok-wai
Hon Charles Peter MOK, JP
Hon CHAN Chi-chuen
Hon CHAN Han-pan, JP
Dr Hon Kenneth CHAN Ka-lok
Hon CHAN Yuen-han, SBS, JP
Hon LEUNG Che-cheung, BBS, MH, JP
Hon Alice MAK Mei-kuen, JP
Dr Hon KWOK Ka-ki
Hon KWOK Wai-keung
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
Hon SIN Chung-kai, SBS, JP
Dr Hon Helena WONG Pik-wan
Hon IP Kin-yuen
Dr Hon Elizabeth QUAT, JP
Hon Martin LIAO Cheung-kong, SBS, JP
Hon POON Siu-ping, BBS, MH
Hon TANG Ka-piu, JP
Dr Hon CHIANG Lai-wan, JP
Ir Dr Hon LO Wai-kwok, BBS, MH, JP
Hon CHUNG Kwok-pan
Hon Christopher CHUNG Shu-kun, BBS, MH, JP
Hon Tony TSE Wai-chuen, BBS

Members absent:

Dr Hon LAU Wong-fat, GBM, GBS, JP
Hon Andrew LEUNG Kwan-yuen, GBS, JP

Hon Ronny TONG Ka-wah, SC
Dr Hon LAM Tai-fai, SBS, JP
Dr Hon LEUNG Ka-lau
Hon MA Fung-kwok, SBS, JP
Hon Kenneth LEUNG
Hon Dennis KWOK

Public officers attending:

Ms Elizabeth TSE Man-ye, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Ms Esther LEUNG, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) ¹
Mr Alfred ZHI Jian-hong	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Mr CHAN Chi-ming, JP	Deputy Secretary for Development (Works) ²
Mr HON Chi-keung, JP	Director of Civil Engineering and Development
Mr Edwin TONG Ka-hung, JP	Project Manager (Hong Kong Island and Islands), Civil Engineering and Development Department
Ms Amy CHEUNG Yi-mei	Assistant Director of Planning (Territorial), Planning Department
Mr Matthew CHEUNG Kin-chung, GBS, JP	Secretary for Labour and Welfare
Miss Annie TAM Kam-lan, JP	Permanent Secretary for Labour and Welfare
Mr Donald CHEN Yee, JP	Deputy Secretary for Labour and Welfare (Welfare) ²
Ms Jane LEE Sze-yan	Principal Assistant Secretary for Labour and Welfare (Poverty)
Ms Winnie LAU Wing-han	Senior Principal Executive Officer (Special Assignment) Labour and Welfare Bureau
Mrs Angelina CHEUNG FUNG Wing-ping, JP	Deputy Secretary for Education (6)

Miss Mabel LI Po-yi, JP	Assistant Commissioner for Labour (Development) Labour Department
Miss Maria LAU	Assistant Director of Social Welfare (Social Security) Social Welfare Department
Ms Reddy NG Wai-lan, JP	Principal Economist (5), Economic Analysis and Business Facilitation Unit
Mr Victor LAM Wai-kiu, JP	Deputy Government Chief Information Officer (Consulting and Operations)
Mr Paul TANG Kwok-wai, JP	Secretary for the Civil Service
Mr Raymond WONG Hung-chiu, JP	Permanent Secretary for the Civil Service
Ms May CHAN Wing-shiu, JP	Deputy Secretary for the Civil Service (2)
Miss Winnie CHUI Hiu-lo	Principal Assistant Secretary for the Civil Service (Pay and Leave)

Clerk in attendance:

Ms Anita SIT	Assistant Secretary General 1
--------------	-------------------------------

Staff in attendance:

Mr Derek LO	Chief Council Secretary (1)5
Mr Daniel SIN	Senior Council Secretary (1)7
Mr Ken WOO	Senior Council Secretary (1)5
Mr Raymond SZETO	Council Secretary (1)5
Mr Frankie WOO	Senior Legislative Assistant (1)3
Ms Michelle NIEN	Legislative Assistant (1)5
Miss Yannes HO	Legislative Assistant (1)6

Action

Item No. 1 – FCR(2014-15)46A

HEAD 707 – NEW TOWNS AND URBAN AREA DEVELOPMENT

Civil Engineering – Land Development

770CL – Planning, engineering and architectural study for topside development at Hong Kong boundary crossing facilities island of Hong Kong–Zhuhai–Macao Bridge

1. Motions proposed by members pursuant to paragraph 37A of the Finance Committee Procedure

The Committee continued to deal with the motions proposed by members pursuant to paragraph 37A of the Finance Committee ("FC") Procedure.

2. The Chairman put to vote the questions, one by one, that the motions proposed by Mr CHAN Chi-chuen numbered 0008 to 0025 be proceeded forthwith. As requested by members, the Chairman ordered a division for each of the proposed motions and the division bell was rung for one minute for each division. With the agreement of the Chairman, Mr CHAN read out each of his proposed motions during the ringing of the division bell. All the questions were negatived.

Voting on FCR(2014-15)46A

3. As the Committee had dealt with all of the motions proposed to be moved under paragraph 37A of the Finance Committee Procedure to express views on the item FCR(2014-15)46A, the Chairman put the item to vote. At the request of members, the Chairman ordered a division and the division bell was rung for one minute. The Chairman announced that 31 members voted in favour of and 17 voted against the item. The voting results of individual members were as follows –

For:

Mr CHAN Kam-lam	Mr TAM Yiu-chung
Mr Vincent FANG Kang	Mr WONG Kwok-hing
Mr Jeffrey LAM Kin-fung	Mr WONG Ting-kwong
Ms Starry LEE Wai-king	Mr CHAN Hak-kan
Mr CHAN Kin-por	Dr Priscilla LEUNG Mei-fun
Mr WONG Kwok-kin	Mr IP Kwok-him
Mrs Regina IP LAU Shuk-yee	Mr Michael TIEN Puk-sun
Mr James TIEN Pei-chun	Mr Steven HO Chun-yin
Mr Frankie YICK Chi-ming	Mr YIU Si-wing
Mr CHAN Han-pan	Mr LEUNG Che-cheung
Ms Alice MAK	Mr KWOK Wai-keung
Mr Christopher CHEUNG Wah-fung	Dr Elizabeth QUAT
Mr Michael LIAO Cheung-kong	Mr POON Siu-ping
Mr TANG Ka-piu	Ir Dr LO Wai-kwok
Mr CHUNG Kwok-pan	Mr Christopher CHUNG Shu-kun
Mr Tony TSE Wai-chuen	
(31 members)	

Against:

Mr Albert HO Chun-yan	Mr James TO Kun-sun
Mr LEUNG Yiu-chung	Ms Emily LAU Wai-hing
Mr Frederick FUNG Kin-kee	Ms Cyd HO Sau-lan
Mr Alan LEONG Ka-kit	Mr WONG Yuk-man
Ms Claudia MO	Mr Gary FAN Kwok-wai
Mr CHAN Chi-chuen	Dr Kenneth CHAN Ka-lok
Dr Fernando CHEUNG Chiu-hung	Mr SIN Chung-kai
Dr Helena WONG Pik-wan	Mr IP Kin-yuen
Dr Ann CHIANG Lai-wan	

(17 members)

4. The Chairman declared that the Committee approved the item.
5. Dr Ann CHIANG said that she intended to vote in favour of the proposal. The Chairman said that he had already declared the voting result and the voting record could not be altered. He directed that Dr CHIANG's voting preference should be duly reflected in the minutes of the meeting.

Item No. 2 – FCR(2014-15)39

HEAD 141 – GOVERNMENT SECRETARIAT :

LABOUR AND WELFARE BUREAU

Subhead 000 Operational expenses

HEAD 173 – STUDENT FINANCIAL ASSISTANCE AGENCY

(to be renamed as Working Family and Student Financial Assistance Agency)

Subhead 000 Operational expenses

Item No. 3 – FCR(2014-15)48

CAPITAL WORKS RESERVE FUND

HEAD 710 – COMPUTERISATION

Government Secretariat : Labour and Welfare Bureau

Student Financial Assistance Agency (to be renamed as Working Family and Student Financial Assistance Agency)

New Subhead "Information Technology System and Office Automation Facilities for the Working Family Allowance Office"

6. The Chairman advised that the item FCR(2014-15)39 sought the Committee's approval of a supplementary provision of \$52.47 million under Head 141 and a supplementary provision of \$16.58 million under Head 173 for taking forward the Low-income Family Allowance ("LIFA") Scheme.

7. The item FCR(2014-15)48 sought the Committee's approval of a new commitment of \$40,037,000 under Head 710 of the Capital Works Reserve Fund for the development of an information technology system and setting up of office automation facilities for implementing LIFA. The Chairman directed that discussions on the two items be combined and the items be voted on separately.

8. Mr Frederick FUNG, Chairman of the Subcommittee on Poverty ("the Subcommittee"), reported that the Subcommittee discussed the funding proposals for LIFA on 27 May 2014. Subcommittee members supported the Administration's proposal in principle, while some members expressed concern on the high working hour threshold for the higher Basic Allowance under the LIFA Scheme, being 192 hours per month. Members also requested the Administration to consider counting unpaid sick leave for the working hour threshold.

Implementation timeframe

9. Mr WONG Yuk-man opined that the financial commitment to LIFA was insignificant vis-à-vis the Government's total expenditure on Comprehensive Social Security Allowance ("CSSA"), and questioned justification for the long lead time for implementing the LIFA Scheme. Mr LEE Cheuk-yan, Dr Fernando CHEUNG, Mr CHAN Chi-chuen and Mr LEUNG Kwok-hung expressed similar concerns. Secretary for Labour and Welfare ("SLW") explained the lead time required in detail. Upon FC's approval of the funding proposal, the Administration would need to locate a suitable office space for renovation and staffing. SLW also said that the present working hour threshold of 192 hours per month for the higher Basic Allowance was already a relaxed requirement compared with the one previously proposed. He said that the Administration would conduct an overall review of LIFA one year after its implementation.

10. Mr WONG Kwok-hing and Mr LEUNG Che-cheung urged the Administration to shorten the lead time for implementing the LIFA Scheme. Mr LEUNG said that the Administration could make reference to the experience from the implementation of the Old Age Living Allowance ("OALA"), and explore ways to deploy manpower for preparation and to simplify the application procedures. SLW said that the Administration would strive to roll out the LIFA Scheme as soon as possible. He pointed out that processing payment to OALA recipients was uncomplicated as many of them were already recipients of the existing Old Age Allowance. However, for LIFA, the Administration had to carefully vet the information provided by applicants many of whom were not recipients of other social welfare benefits at present.

11. Mr WONG Kwok-hing said that the Administration should continue with its commitment on helping the poor elderly. Mr WONG Yuk-man spoke loudly in his seat. The Chairman directed that Mr WONG should remain silent while another member was speaking, or otherwise he would rule his behaviour as gross disorderly.

12. Ms CHAN Yuen-han asked whether there were any hurdles preventing timely implementation of LIFA. SLW said that all advanced preparatory work possible was already completed. Senior Principal Executive Officer (Special Assignment) supplemented that the rental agreement for office space for LIFA, as well as office renovation to follow, could not commence until the Committee's approval of the proposals. SLW assured that all relevant Government departments involved had accorded a high priority to the planning and implementation of LIFA. However, despite the Administration's best effort to compress the time required, it would still take at least 10 months for office renovation and installation of information technology systems.

13. Mr TANG Ka-piu asked whether the Administration would implement transitional relief measures using existing social benefit programmes such as the Work Incentive Transport Subsidy ("WITS") Scheme. SLW said that the Administration had invited the Community Care Fund ("CCF") to cover potential beneficiaries of LIFA, such as enhancing the School Textbook Assistance ("TA") Scheme for non-CSSA households. CCF had also recently introduced a one-off subsidy for non-public housing and non-CSSA households. Both measures would provide temporary relief to low-income households. Mr TANG said that households without children and living in public housing would not benefit from those measures, and revamping the WITS would fill the gaps. SLW said that the WITS Scheme was under review.

14. On enquiry by Dr Fernando CHEUNG, SLW further elaborated the transitional arrangements through CCF. For instance, TA would provide financial relief to school children of 138 000 low-income households, approximately half of the households below the poverty line. Moreover, the recent one-off subsidy for non-public housing and non-CSSA households had provided a substantial financial assistance to low-income households, benefitting about 53 000 families.

Threshold for higher Basic Allowance

15. Mr Albert HO and Dr Fernando CHEUNG expressed disappointment at the working hour threshold of 192 hours per month for the higher Basic Allowance as well as the exclusion of unpaid sick leave in counting working

hours. They urged the Administration to review the policy to relax the threshold for applicants in the future.

16. Mr LEE Cheuk-yan considered the working hour threshold of 192 hours per month for the higher Basic Allowance unnecessary because according to the International Labour Organization, a person working 144 hours a month was considered as having full-time employment. He said that LIFA should be simplified to a flat rate at \$800 per month based on a working hour threshold of 144 hours and this would in turn reduce administrative procedures and costs for vetting applications. SLW said that since a basic principle of LIFA was to encourage self-reliance through employment, more allowance would be granted to those who worked more. As such, the higher Basic Allowance would serve as an incentive for work. The Administration estimated that over 60% of prospective applicants would meet the current 192-hour threshold for higher Basic Allowance. Mr LEE suggested that the Administration should consider measuring disposable income in calculating LIFA. SLW said that measuring total income was consistent with the methodology used to derive the poverty line and was simple and effective.

Retrospective payment

17. Mr Albert HO, Mr Frederick FUNG, Mr CHEUNG Kwok-che and Mr CHAN Chi-chuen called on the Administration to review its practice of backdating the payment of LIFA to only six months prior to the roll-out of the Scheme. They urged for a longer period of retrospective payment to somehow make up for the long lead time for rolling out the LIFA Scheme. SLW said that the six-month period for the retrospective payment of LIFA was the maximum possible period given the need to adhere to the Government's prevailing financial discipline.

Coverage of LIFA

18. Dr Fernando CHEUNG asked whether the Administration would consider providing extra provisions on expenses for some low-income families to support family members with special needs such as disabled persons. SLW said that the design of LIFA already considered the situation of households with special needs. For example, if the LIFA applicant was a single-parent, the working hour thresholds for receiving the Basic Allowance and the higher Basic Allowance were set at 36 and 72 hours per month, respectively.

19. Mr Frederick FUNG reiterated the Subcommittee's view that the LIFA Scheme should also provide additional assistance to households with special needs, such as those with elderly, disabled persons and patients of

chronic illness. Mr CHEUNG Kwok-che shared similar views and emphasized that persons with chronic illness would impose a large financial burden on low income families. SLW reiterated the Administration's basic principles of LIFA. Further assistance to be provided to households highlighted by members would be considered through CCF, and would be discussed at the Commission on Poverty as soon as practicable. The Administration would conduct a comprehensive review of LIFA including the working hour thresholds one year after its roll-out. In response to Mr CHEUNG, SLW undertook to report the Subcommittee on the implementation of LIFA towards the end of 2015.

20. Mr LEUNG Yiu-chung said that the Administration should step up publicity efforts for LIFA and provide assistance to applicants on the application procedure, which should be as simple as possible. SLW said that the Administration would duly inform prospective applicants to collect proofs of income in advance, and the application procedure would be as simple as practicable. Mr LEUNG expressed concern that applicants who were workers on a daily wage might not be able to provide proof of income. SLW said that for daily waged workers, self-declaration on their income would suffice.

Voting on FCR(2014-15)39

21. There being no further question or comment from members, the Chairman put item FCR(2014-15)39 to vote. The Chairman declared that the Committee approved the item.

Voting on FCR(2014-15)48

22. The Chairman put item FCR(2014-15)48 to vote. The Chairman declared that the Committee approved the item.

Item No. 4 – FCR(2014-15)47

2014-15 CIVIL SERVICE PAY ADJUSTMENT

23. The Chairman advised that the item sought the Committee's approval of the 2014-2015 civil service pay adjustment and related recommendations which involved an expenditure of \$8,912 million.

24. Mr POON Siu-ping, Chairman of the Panel on Public Service ("the Panel"), reported that the Administration consulted the Panel on 23 June 2014. Panel members supported the proposal in principle, but some members considered that the Administration had not taken into account staff sides'

opinion adequately. Panel members noted that the rate of increase at 4.71% for civil servants in the middle and lower salary bands fell short of the rise in headline Consumer Price Index (A) for the year. The Administration had advised the Panel that the Chief Executive-in-Council had considered carefully the relevant factors (i.e. the net Pay Trend Indicators, the state of the economy, changes in the cost of living, the Government's fiscal position, pay claims of the staff sides and civil service morale) as well as the staff sides' responses to the pay offers. The decision was in line with the policy objective of maintaining broad comparability between civil service and private sector pay.

25. Dr Priscilla LEUNG expressed support for the civil service pay adjustment proposal as it was long overdue.

26. Mr TAM Yiu-chung and Mr LEUNG Che-cheung said that civil service pay adjustment should have been approved earlier. Mr LEUNG said that civil service staff side associations had written to him to request expediting the approval of the 2014-2015 civil service pay adjustment. Mr TAM and Mr LEUNG expressed regret that the civil service pay adjustment had been delayed due to political factors.

Back pay arrangement for subvented organizations and contract staff

27. Mr WONG Kwok-hing expressed support for the proposal. He asked the Administration to confirm that civil servants could receive the back payment of belated increase in salary before Chinese New Year and requested the Administration to follow up with subvented organizations to arrange for back payment to their employees before Chinese New Year as far as possible. Secretary for Civil Service ("SCS") confirmed that the civil service would receive the back payment before Chinese New Year. It would make administrative arrangements with subvented organizations once the Committee approved the proposal in order that their employees could also receive the back payment before Chinese New Year.

28. Dr Fernando CHEUNG expressed support for the proposal in principle, but expressed concern that some subvented organizations, particularly those receiving subventions under one line vote, would withhold part of the additional subvention which represented the increase in salary of their employees. SCS said that subvented organizations under the purview of the Social Welfare Department ("SWD") were required to pay their employees according to the new pay scale after the pay adjustment, or otherwise, they had to provide an explanation to SWD.

29. Dr Fernando CHEUNG asked the Administration whether subvented organizations were mandated to provide back pay to employees resigned after 1 April 2014. SCS said that subvented organizations were not under the control of the Government, and the Administration could not mandate the payout of back payments to resigned employees.

30. In response to Mr IP Kin-yuen's further enquiry about the arrangement for implementing pay increase for contract staff, SCS said that the pay of contract staff in subvented organizations was not linked to the civil service pay increase. Permanent Secretary for Civil Service supplemented that for the past two years, the arrangement between SWD and the subvented organizations under its purview was that those organization receiving an additional subvention representing the amount based on the civil service pay rise were required to either adjust the pay of their employees according to rates of pay rise in the civil service, or use the entire amount for the purpose of pay adjustment of their employees. Whichever way the organizations chose, they had to notify their employees in writing.

Civil service pay policy

31. Dr Fernando CHEUNG expressed disappointment at the widening income disparity between civil servants in the directorate and upper salary bands and those in medium and lower salary bands. He considered it undesirable that the income of a civil servant at the highest pay point on the Directorate Pay Scale and one at the lowest pay point on the Master Pay Scale would be 23.6 times after the pay rise. SCS responded that the civil service pay adjustment was conducted according to established procedure, and was not widening income disparity. He pointed out that in the 2013-2014 civil service pay rise, civil servants in the directorate and upper salary bands received the lowest rate of pay rise. Moreover, the cumulative increase in pay for directorate and upper salary bands since 2007 was 31.56%, which was lower than the 35.38% cumulative increase for medium and lower salary bands for the same period.

32. Mr KWOK Wai-keung asked whether the Administration would enhance the Improved Civil Service Pay Adjustment Mechanism, and to improve the communication between the Administration and staff sides. SCS replied that under the current mechanism, the Pay Trend Survey Committee ("PTSC") included representatives from the Civil Service Bureau, staff sides' representatives and unofficial members. Upon completion of the annual pay trend survey, PTSC would explore improvements to the mechanism, such as the choice of comparable private sector companies for pay trend survey.

Action

33. Mr CHAN Chi-chuen asked the Administration to clarify whether the 2014-2015 civil service pay adjustment would be void if it was not approved by this Committee before 1 April 2015. SCS replied in the negative.

Voting on FCR(2014-15)47

34. There being no further question or comment from members, the Chairman put item FCR(2014-15)47 to vote. The Chairman declared that the Committee approved the item.

35. The meeting was adjourned at 7:49 pm.

Legislative Council Secretariat

19 May 2015