

**立法會**  
***Legislative Council***

LC Paper No. FC168/14-15

Ref : FC/1/1(1)

**Finance Committee of the Legislative Council**

**Minutes of the 26<sup>th</sup> meeting  
held at Conference Room 1 of the Legislative Council Complex  
on Friday, 23 January 2015, at 3:00 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  
Dr Hon LAU Wong-fat, GBM, GBS, 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 Andrew LEUNG Kwan-yuen, GBS, JP  
Hon WONG Ting-kwong, SBS, JP  
Hon Ronny TONG Ka-wah, SC  
Hon Cyd HO Sau-lan, JP  
Hon Starry LEE Wai-king, JP  
Dr Hon LAM Tai-fai, SBS, JP  
Hon CHAN Hak-kan, JP  
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP  
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 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 MA Fung-kwok, SBS, JP  
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 Kenneth LEUNG  
Hon Alice MAK Mei-kuen, JP  
Dr Hon KWOK Ka-ki  
Hon Christopher CHEUNG Wah-fung, SBS, JP  
Dr Hon Fernando CHEUNG Chiu-hung  
Hon SIN Chung-kai, SBS, JP  
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 Tony TSE Wai-chuen, BBS

**Members absent:**

Hon LEUNG Yiu-chung  
Hon Emily LAU Wai-hing, JP  
Dr Hon LEUNG Ka-lau  
Hon CHEUNG Kwok-che  
Hon Michael TIEN Puk-sun, BBS, JP

Hon LEUNG Che-cheung, BBS, MH, JP  
Hon KWOK Wai-keung  
Hon Dennis KWOK  
Dr Hon Helena WONG Pik-wan  
Hon Christopher CHUNG Shu-kun, BBS, MH, JP

**Public officers attending:**

Professor K C CHAN, GBS, JP	Secretary for Financial Services and the Treasury
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)
Professor Sophia CHAN Siu-chee, JP	Under Secretary for Food and Health
Mr Christopher WONG Kwok-bun, JP	Deputy Secretary for Food and Health (Food) 1
Mr Mickey LAI Kin-ming	Assistant Director of Agriculture, Fisheries and Conservation (Fisheries)
Mr CHAN Kim-hung	Senior Fisheries Officer (Fisheries Supporting Services)
	Agriculture, Fisheries and Conservation Department

**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 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

---

**Item No. 1 – FCR(2014-15)45**  
**LOAN FUND**  
**HEAD 262 – PRIMARY PRODUCTS**  
**Subhead 101 Fisheries Loans**

The Chairman advised that the item invited the Committee's approval of increasing the approved commitment for the Fisheries Development Loan Fund ("FDLF") from \$290 million to \$1,100 million, and of setting aside around \$400 million in the loan capital for providing loans to inshore trawlers.

2. The Chairman informed members, in his capacity as chairman of the Panel on Food Safety and Environmental Hygiene ("the Panel"), that the Panel discussed the funding proposal on 10 June 2014. The majority of Panel members supported the Administration's proposal. Some Panel members had pointed out that as the application deadline of the one-off loan provided by FDLF to owners of trawlers and fish collectors affected by the trawl ban would be 31 December 2015, there might be a need to increase the approved commitment of the loan capital of FDLF. Some other members had expressed concern about whether the Administration had taken into account potential bad debts. The Chairman also reported the Administration's response to the Panel that, as at May 2014, there had been 69 applications seeking loans amounting to over \$600 million, which far exceeded the existing commitment of \$290 million. Most of the applications were made by owners of trawler vessels affected by the trawl ban. Without additional funds, FDLF would be unable to provide any further loans until it was replenished with repayments from outstanding loans.

Withdrawal of items by the Administration

3. Mr CHAN Chi-chuen and Ms Claudia MO raised "a point of order" that the Chairman should not have acceded to the Administration's withdrawal of the four funding items FCR(2014-15)41 to 44 which were included in the agendas for the previous Finance Committee ("FC") meetings, including the meetings on 16 January 2015, but were not reached at these meetings.

4. The Chairman said that comments from the two members were not a point of order. He said that he did not find the Administration's arrangement had contravened the Legislative Council ("LegCo") Rules of Procedure or the Finance Committee Procedure ("FC Procedure"). The Administration had explained the rationale for the arrangement in its letter dated 19 January 2015 to the FC Chairman, which had been circulated to members for reference. The Chairman suggested that members could submit comments or questions on the matter in writing and he would invite the Administration to provide written

response. If necessary, a special meeting might be convened to discuss the matter.

5. Mr LEE Cheuk-yan raised "a point of order" that he would move, without notice, a motion under paragraph 39 of the FC Procedure that further proceedings of the Committee be then adjourned. The Chairman said that Mr LEE Cheuk-yan's request to move a motion under paragraph 39 of FC Procedure was not a point of order. He said that according to FC Procedure, a member might only move a motion to adjourn discussion of an item or further proceedings of the Committee when the member was speaking on the item. The Chairman asked Mr LEE Cheuk-yan to wait for his turn to speak and decide whether he wanted to move the motion at that juncture.

6. Mr Steven HO said that the fishing community was facing difficulties in securing loans for restructuring their business, and the proposed increase in commitment for FDLF should be implemented as early as possible. Mr HO added that fishermen who applied for the loan under FDLF on the ground of switching to more sustainable fisheries operations had to dismantle their original vessels first and would thus receive no income when their applications were being processed. He appealed to members to approve the item expeditiously.

Motion to adjourn further proceedings of the Committee

7. Mr CHAN Chi-chuen moved, without a notice, a motion under paragraph 39 of the FC Procedure that further proceedings of the Committee should then be adjourned.

8. The Chairman thereupon proposed the question of Mr CHAN Chi-chuen's motion to adjourn further proceedings of the Committee. He directed that each member, when speaking on the question, could speak once for not more than three minutes.

9. At the invitation of the Chairman, Mr CHAN Chi-chuen introduced his motion. Mr Albert CHAN, Mr LEE Cheuk-yan, Ms Claudia MO, Mr IP Kin-yuen, Mr Gary FAN, Mr Alan LEONG, Mr Albert HO, Mr WU Chi-wai, Dr KWOK Ka-ki, Mr LEUNG Kwok-hung, Ms Cyd HO, Mr Frederick FUNG, Dr Fernando CHEUNG, Mr SIN Chung-kai and Mr WONG Yuk-man spoke in support of the motion. In gist, these members criticized the Administration for having withdrawn the four non-controversial but livelihood-related items, just to make way for the proposal on the creation of the Innovation and Technology Bureau ("ITB") to be approved by FC before mid-February 2015. On the other hand, during the deliberation of controversial items such as the advanced

works for the development of the New Development Areas in North East New Territories, extension of landfills and the development of the integrated waste management facilities phase 1, the Administration had repeatedly rejected members' request to rearrange the order of agenda items to enable pressing, less contentious and livelihood-related items such as the Low-income Working Family Allowance Scheme to be accorded priority. The Administration's decision to withdraw four agenda items to make way for FC's priority processing of the ITB proposal contradicted its earlier purported principle that the order of agenda items reflected the relative priority of different proposals and should not be changed.

10. Mr Steven HO, Mr CHAN Kin-por, Mr WONG Ting-kwong, Mr IP Kwok-him and Mr TAM Yiu-chung spoke against the motion. In particular, Mr Steven HO stressed the importance and urgency of the FDLF item and appealed to members to approve the proposal expeditiously. Other members mainly criticized the pan-democrat members that they procrastinated the proceedings of the Committee and that the Administration's adjustment of the agenda items was consistent with the provisions under the FC Procedure.

11. At the invitation of the Chairman, Secretary for Financial Services and the Treasury ("SFST") responded to members' comments.

12. SFST said that under section 5 of the Public Finance Ordinance, Cap. 2 ("PFO"), the Financial Secretary ("FS") should cause to be prepared, in each financial year, estimates of the revenue and expenditure of the Government for the next following financial year. The heads contained in the estimates of expenditure for a financial year should be included in an Appropriation Bill which should be introduced into the LegCo. Upon the enactment of the Appropriation Ordinance, the estimates of expenditure for the financial year to which the Ordinance related should be deemed to be approved.

13. SFST further advised that section 8 of PFO provided that no changes should be made to the approved estimates of expenditure except with the approval of FC upon a proposal of FS. The Administration could seek funding for a proposal through the Appropriation Bill enactment process of LegCo, or through seeking FC's approval for relevant changes to the approved estimates.

14. SFST supplemented that section 29 of PFO provided that LegCo might, by resolution, provide for the establishment of funds. The terms of the resolutions in respect of the Loan Fund, Innovation and Technology Fund, and computerization under the Capital Works Reserve Fund stipulated that FC's approval was required for incurring expenditure under these funds. In the absence of any explicit requirements, the Administration drew reference to

established practice and would invite approval from FC. These included the adjustment of civil service pay and the creation of directorate posts.

15. SFST mentioned that the Administration would also take into account the amount of funding, the nature of the financial proposal and the implementation timetable of the proposal in determining whether a funding item should be included in the estimates, or whether approval should be sought from FC to provide for the resources through changes to the approved estimates. For example, acquisition of equipment by a department, which did not involve change in existing policy, might be included in the estimates to be considered and approved by LegCo in the context of the enactment of the Appropriation Bill.

16. SFST said that for additional non-recurrent allocation to sustain implementation of an on-going policy or to implement measures that did not involve major new policies (e.g. implementation of the Fourth Strategy on Information Technology in Education), it was customary that the Administration would seek approval from FC to amend the estimates of expenditure to provide for the resources required.

17. SFST said that as there were still a number of funding items carried over from the previous legislative session and awaiting deliberation and approved by FC, the Administration had been very concerned about the delay as some of the items had been held up for more than six months. To expedite the funding approval process, the Administration considered it reasonable and legitimate to include some of the deferred funding items in the estimates of 2015-2016 for approval by LegCo in the context of the Appropriation Bill.

18. In response to members' comments regarding the reordering of items in the FC agenda, SFST referred members to his earlier letter dated 24 October 2014 (issued to members vide LC Paper No. FC20/14-15 on the same date). The Administration maintained that, in the light of prolonged deliberations in FC, the Government would keep under review the sequence and overall priority amongst all the deferred and new items. SFST also supplemented that the outstanding items on the present agenda required approval of FC and, in particular, the two items relating to the proposed establishment of ITB should be approved within the 2014-2015 financial year.

19. At the invitation of the Chairman, Mr CHAN Chi-chuen gave concluding remarks.

20. Mr CHAN Hak-kan declared that he was a member of the FDLF Advisory Committee.

21. The Chairman then put Mr CHAN Chi-cheun's motion to vote. As Mr CHAN Chi-cheun claimed a division, the Chairman ordered a division and the division bell was rung for five minutes. The Chairman announced that 20 members voted in favour of the motion and 31 voted against the motion. One member abstained from voting. The voting results of individual members were as follows –

*For:*

Mr Albert HO Chun-yan  
Mr James TO Kun-sun  
Prof Joseph LEE Kok-long  
Mr Alan LEONG Kah-kit  
Mr Albert CHAN Wai-yip  
Ms Claudia MO  
Mr Gary FAN Kwok-wai  
Dr Kenneth CHAN Ka-lok  
Dr KWOK Ka-ki  
Mr SIN Chung-kai  
(20 members)

Mr LEE Cheuk-yan  
Mr Frederick FUNG Kin-kee  
Ms Cyd HO Sau-lan  
Mr LEUNG Kwok-hung  
Mr WONG Yuk-man  
Mr WU Chi-wai  
Mr CHAN Chi-chuen  
Mr Kenneth LEUNG  
Dr Fernando CHEUNG Chiu-hung  
Mr IP Kin-yuen

*Against:*

Mr CHAN Kam-lam  
Mr WONG Kwok-hing  
Mr WONG Ting-kwong  
Dr LAM Tai-fai  
Mr CHAN Kin-por  
Mr WONG Kwok-kin  
Mrs Regina IP LAU Suk-yee  
Mr NG Leung-sing  
Mr Frankie YICK Chi-ming  
Mr MA Fung-kwok  
Miss CHAN Yuen-han  
Mr Christopher CHEUNG Wah-fung  
Mr Martin LIAO Cheung-kong  
Mr TANG Ka-piu  
Ir Dr LO Wai-kwok  
Mr Tony TSE Wai-chuen  
(31 members)

Mr TAM Yiu-chung  
Mr Andrew LEUNG Kwan-yuen  
Ms Starry LEE Wai-king  
Mr CHAN Hak-kan  
Dr Priscilla LEUNG Mei-fun  
Mr IP Kwok-him  
Mr Paul TSE Wai-chun  
Mr Steven HO Chun-yin  
Mr YIU Si-wing  
Mr CHAN Han-pan  
Miss Alice MAK Mei-kuen  
Dr Elizabeth QUAT  
Mr POON Siu-ping  
Dr CHIANG Lai-wan  
Mr CHUNG Kwok-pan

*Abstained:*

Mr Charles Peter MOK  
(1 member)



22. The Chairman declared that the motion was negatived.

23. During the ringing of the division bell, Mr LEE Cheuk-yan and Ms Cyd HO commented on SFST's response and requested that FC should discuss issues relating to the special arrangement made by the Administration on this occasion. Mr LEE Cheuk-yan said that the Secretariat should prepare a separate paper on the proper financial procedure that the Administration should adopt under existing legislation in seeking funding approval from FC, for members' reference.

24. The Chairman said that the Committee was deliberating the funding proposal on increasing the approved commitment for FDLF. It was not the occasion to debate the Administration's arrangement set out in its letter dated 19 January 2015. If members considered that discussion was necessary on the matter, a separate meeting might be scheduled for the purpose. Meanwhile, at the request by Mr LEE Cheuk-yan, the Chairman asked if SFST would provide a written explanation recapitulating his earlier comments. SFST undertook to follow up.

25. The Committee resumed deliberation on the item.

Motion to adjourn discussion on the item

26. Mr LEE Cheuk-yan moved, without notice, a motion under paragraph 39 of FC Procedure that discussion on the item FCR(2014-15)45 be then adjourned.

27. The Chairman thereupon put the question on Mr LEE Cheuk-yan's motion to adjourn. He directed that, when speaking on the question, each member could speak once for not more than three minutes.

28. Mr LEE Cheuk-yan introduced his motion. Dr KWOK Ka-ki, Mr WU Chi-wai, Dr Fernando CHEUNG, Mr CHAN Chi-chuen, Mr Alan LEONG and Ms Cyd HO spoke in favour of the motion. In gist, these members mainly commented on the Administration's arrangements in taking out four outstanding agenda items just to pave way for earlier deliberation of the items related to the establishment of ITB. They considered that the arrangement was improper and would diminish FC's role in scrutinizing and approving public expenditure proposals.

29. Mr Albert CHAN and Mr Steven HO spoke against the motion. Mr Steven HO stressed the importance of early approval of the item.

Action

30.        The Chairman declared that the meeting be adjourned and the Committee would continue with the debate on the motion at the next meeting after a break of ten minutes.

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

Legislative Council Secretariat

20 May 2015