

立法會
Legislative Council

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Finance Committee of the Legislative Council

**Minutes of the 29th meeting
held at Conference Room 1 of the Legislative Council Complex
on Friday, 30 January 2015, at 5:30 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 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 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-ye, GBS, 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 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 LEUNG Che-cheung, BBS, MH, JP
Hon Kenneth LEUNG
Hon Alice MAK Mei-kuen, JP
Hon KWOK Wai-keung
Hon Dennis KWOK
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 Vincent FANG Kang, SBS, JP
Hon Ronny TONG Ka-wah, SC
Dr Hon LAM Tai-fai, SBS, JP
Dr Hon LEUNG Ka-lau
Hon Paul TSE Wai-chun, JP
Dr Hon KWOK Ka-ki

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)
Mrs Cherry TSE LING Kit-ching, JP	Permanent Secretary for Food and Health (Food)
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
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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

Motion to adjourn further proceedings of the Committee

The Committee continued the debate on the motion to adjourn further proceedings of the Committee moved by Mr Alan LEONG pursuant to paragraph 39 of the Finance Committee Procedure.

2. Mr CHAN Chi-chuen expressed support for the motion. He criticized the Administration for circumventing scrutiny by the Legislative Council under established practices, and expressed dissatisfaction towards the Administration's unilateral withdrawal of agenda items for this Committee.

3. At the invitation of the Chairman, Permanent Secretary for Financial Services and the Treasury (Treasury) ("PS(Tsy)") responded that the Administration had strictly complied with the Public Finance Ordinance (Cap. 2) ("PFO") and had sought approval of proposals from this Committee in accordance with Section 5 and Section 8 of PFO as appropriate. She assured members that the Administration would continue to put forth funding proposals for the Committee's scrutiny in compliance with statutory requirements.

4. Mr Alan LEONG spoke on his motion. He expressed disagreement with PS(Tsy)'s response and criticized the Administration for undermining this Committee.

5. The Chairman put to vote the motion that further proceedings of the Committee be then adjourned. As members requested, the Chairman ordered a division and the division bell was rung for five minutes. The Chairman announced that 21 members voted in favour of, and 30 voted against the motion. The votes of individual members were as follows –

For:

Mr Albert HO Chun-yan
Mr James TO Kun-sun
Ms Emily LAU Wai-hing
Ms Cyd HO Sau-lan
Mr Alan LEONG Kah-kit
Ms Claudia MO
Mr Gary FAN Kwok-wai
Dr Kenneth CHAN Ka-lok

Mr LEE Cheuk-yan
Mr LEUNG Yiu-chung
Dr Joseph LEE Kok-long
Mr CHEUNG Kwok-che
Mr Albert CHAN Wai-yip
Mr WU Chi-wai
Mr CHAN Chi-chuen
Mr Kenneth LEUNG

Mr Dennis KWOK
Mr SIN Chung-kai
Mr IP Kin-yuen
(21 member)

Dr Fernando CHEUNG Chiu-hung
Dr Helena WONG Pik-wan

Against:

Mr TAM Yiu-chung
Mr Jeffrey LAM Kin-fung
Mr WONG Ting-kwong
Mr CHAN Hak-kan
Mr WONG Kwok-kin
Mrs Regina IP LAU Suk-yee
Mr NG Leung-sing
Mr MA Fung-kwok
Ms CHAN Yuen-han
Ms Alice MAK Mei-kuen
Mr Christopher CHEUNG Wah-fung
Mr Martin LIAO Cheung-kong
Mr TANG Ka-piu
Ir Dr LO Wai-kwok
Mr Christopher CHUNG Shu-kun
(30 members)

Mr WONG Kwok-hing
Mr Andrew LEUNG Kwan-yuen
Ms Starry LEE Wai-king
Mr CHAN Kin-por
Mr IP Kwok-him
Mr James TIEN Pei-chun
Mr Steven HO Chun-yin
Mr CHAN Han-pan
Mr LEUNG Che-cheung
Mr KWOK Wai-keung
Dr Elizabeth QUAT
Mr POON Siu-ping
Dr CHIANG Lai-wan
Mr CHUNG Kwok-pan
Mr Tony TSE Wai-chuen

6. The Chairman declared that the motion was negatived.
7. The Committee resumed the deliberation on the item.

Arrangement for the one-off loan

Loan eligibility for aged trawler owner

8. Mr James TO noted that for the special one-off loan, if the sum of an applicant's age and the proposed loan tenure (normally 14 years) exceeded 70, the applicant would be required to submit the application jointly with a person ("the joint applicant") who was experienced in the operation of the aged applicant, and was able to take over the aged applicant's operation and responsibility of loan repayment in case the aged applicant retired or passed away before full settlement of the loan. He said that the joint applicant, having a role similar to a guarantor of a loan, should not be required to take over the aged applicant's operation as long as the joint applicant was capable of repaying the loan. Assistant Director of Agriculture, Fisheries and Conservation (Fisheries) ("ADAF(CF)") said that the purpose of the provision for joint applicants was to allow family members of an aged applicant to take over the

fishing operation. Also, since the loan amount could be very large up to \$9 million, the joint applicant would not be considered the same as a guarantor.

9. Mr Gary FAN urged the Administration to review the loan requirements, some of which were too stringent for aged trawler owners with limited income. ADAFC(F) said that the Administration had worked with aged trawler owners and there were successful applications. Permanent Secretary for Food and Health (Food) ("PSFH(F)") said that under the loan scheme in question, the Director of Agriculture, Fisheries and Conservation to grant loans on compassionate grounds.

Loan demand

10. Mr Frederick FUNG asked why the Administration considered the owners of hang trawlers and shrimp trawlers unlikely to apply for the one-off loan. He called on the Administration to plan ahead for their prospective needs to build new trawlers in case coastal fisheries resources further diminished due to development projects in nearby Mainland cities. ADAFC(F) said that as these trawlers operated along coastal waters, it was unlikely that they would switch operations to fishing in distant waters outside Hong Kong. The assessment of loan demand was based on actual loan applications received.

11. Mr CHAN Chi-chuen asked the Administration to clarify whether trawler owners were required to dismantle the old trawler before applying for the loan. ADAFC(F) said that the Mainland authorities, in order to restrict the number of fishing vessels, required trawler owners to produce the proof of dismantling the old trawler before building a new trawler. As such, a trawler owner would need to dismantle the trawler first in order to apply for the loan required to build a new trawler. The Administration would apportion the payout of the loan according to the progress of dismantling the old trawler and building the new trawler. Mr CHAN enquired about the number of rejected loan applications where the trawler owner had already dismantled the old trawler. Senior Fisheries Officer (Fisheries Support Services) said that none of the four rejected loan applications matched Mr CHAN's enquiry.

12. Dr Kenneth CHAN expressed worries that the Administration had not taken into account the slumping fuel price in estimating the loan demand for building new trawler vessels. ADAFC(F) said that short-term fluctuations in fuel prices would unlikely to affect the loan demand as the tenure of a loan could be up to 14 years.

13. Mr Frederick FUNG and Mr Albert HO enquired about the basis for the Administration's estimate on loan demand for carrying out projects that would reduce the carbon footprint of fisheries operations or for the development of aquaculture business. ADAFC(F) said that the loan demand estimate for upgrading trawlers to reduce carbon footprint was calculated based on existing loan applications.

Interest rates and bad debt of the one-off loan

14. Mr SIN Chung-kai and Mr Frederick FUNG about the reason for the different interest rates for the loans and whether collateral was required. ADAFC(F) said that for the one-off loan, the new trawler vessel built would serve as collateral. At the request of Mr SIN, ADAFC(F) explained that the interest rate on loans to fishermen for development of aquaculture businesses, being at 1.395% at present, was a floating rate set on a "no-gain, no-loss" basis. PSFH(F) said that the interest rates were set according to the Administration's policy to compensate fishermen affected by the trawl ban with appropriate financial assistance.

15. Mr Frederick FUNG enquired about the extent of bad debts in the Fisheries Development Loan Fund ("FDLF"). ADAFC(F) said that despite the fact that fisheries industries might encounter a volatile operating environment, most fishermen were able to pay back the loans entirely.

Other issues related to the one-off loan

16. Dr Helena WONG questioned the purpose of the one-off loan, and expressed doubt about the Administration's efforts to support the declining fisheries industry and how it could attract Hong Kong youths to join the industry. ADAFC(F) said that the purpose of the one-off loan was to support fishermen affected by the trawl ban by providing a low-interest loan to build new trawler vessels for fishing in distant waters outside Hong Kong.

17. Dr Kenneth CHAN said that the Administration had been subsidizing the transportation industry to replace less environmental-friendly vehicles to reduce carbon emission, and said that the same subsidy should be applicable for trawler vessels. He also said that without appropriate guidelines, provisions for vessel operators for carrying out projects that would reduce fuel consumption or carbon footprint of their operations would be ineffective. ADAFC(F) said that the projects would be thoroughly assessed by the Administration.

18. Mr LEE Cheuk-yan said that since trawler vessels operating in distant waters outside Hong Kong often employed Mainland workers, the one-off loan for upgrading trawlers would not bring benefits to employment opportunities for Hong Kong residents. ADAFC(F) said that while Mainland workers might be employed on trawler vessels operating outside Hong Kong as manual labourers, these vessels were mainly operated by Hong Kong fishermen. PSFH(F) said that there were 8 800 Hong Kong residents working on trawlers.

19. Dr Fernando CHEUNG noted that in addition to the one-off loan provided by the FDLF, the Administration had earmarked \$500 million for the provision of Sustainable Fisheries Development Fund ("SFDF"). He asked whether the ambits of the two funding initiatives were similar or overlapping. ADAFC(F) said that SFDF aimed to assist the local fishing community to transform into sustainable or high value-added operations so that the trade can enhance its overall competitiveness and cope with new challenges. SFDF typically accepted applications made by legal entities including local registered fisheries co-operatives, non-profit-making fisheries organizations, non-governmental organizations or social enterprises, and academic and research institutions. On further enquiry by Dr CHEUNG, ADAFC(F) clarified that while one-off loans were open for applications by individual trawler owners, SFDF only accepted applications from non-profit making legal entities. Dr CHEUNG expressed concern that the distinction of the two funding initiatives might be unclear, and urged the Administration to consider only accepting non-profit making proposals for SFDF.

Development of the fisheries industry

20. Mr Frederick FUNG and Ms Cyd HO enquired about the fisheries resources at the South China Sea where according to the Administration Hong Kong trawlers operated. ADAFC(F) said that Mainland authorities had been compiling relevant information for Hong Kong fishermen's reference. However, due to the vastness of the South China Sea, it was difficult to generalize the overall situation of fisheries resources there. In response to Ms HO, ADAFC(F) said that the Administration had been helping trawler operators to switch to aquaculture business, but some of them might be so accustomed to operating trawlers that they found it difficult to switch to other fields.

21. Mr Dennis KWOK enquired about the details on the patrolling against illegal fishing since the 2011 trawl ban. ADAFC(F) said that there were five teams of patrol boats for 20 sorties daily at random locations. Mr KWOK expressed concern that the enforcement actions might increase carbon footprint that the Administration aimed to reduce.

22. Mr Gary FAN said that there had been a substantial decline in fisheries resources within Hong Kong waters, which had caused hardships to local fishermen. He said that operators of trawlers fishing in distant waters faced rising fuel prices and competition from Mainland fishermen. He urged the Administration to consider providing subsidies for fishermen to offset the cost of fishing in distant waters outside Hong Kong. ADAFC(F) said that the Administration was aware of the problem of the decline in fisheries resources and had implemented a series of fisheries management and conservation measures to rehabilitate the fisheries resources in Hong Kong waters, such as the deployment of artificial reefs. The Administration had also had provided training and funding support, through SFDF, for fishermen to switch to sustainable fisheries-related operations. Mr FAN urged the Administration to assess the efficacy of the measures.

23. Mr Albert HO enquired about the demographics of Hong Kong and Mainland fishermen working on fishing trawlers respectively. Ms Claudia MO expressed concern that to qualify for compensation for the trawl ban, some trawler operators claimed that they hired Hong Kong residents while they in fact employed Mainland workers on their vessels. ADAFC(F) said that while the Administration had not assessed the number of Mainland fishermen working for Hong Kong trawler vessels, the number of Hong Kong fishermen had not varied significantly for the past several years.

24. Pointing out that the fisheries yield in Hong Kong was declining, Mr Albert CHAN and Mr LEUNG Kwok-hung criticized the Administration for being ineffective in assisting the fisheries industry. Mr LEUNG expressed disagreement with the Administration's provision of loans to fishermen.

25. Ms Emily LAU and Mr WU Chi-wai said that according to the Report of Committee on Sustainable Fisheries, the outcome of fisheries negotiation under the Doha Ministerial Declaration ratified by the Government called for a reform in subsidies to the fisheries industry. The Administration had also reported that the catch and fishing efforts of Hong Kong's fishing fleets had exceeded the maximum sustainable yield and optimal fishing effort. Ms LAU and Mr WU asked the Administration to explain how the granting of loans for new trawler vessels under FDLF could fit in its policy in controlling overfishing as the operations of more and more new trawlers might further jeopardize the sustainability of fisheries resources in Hong Kong. ADAFC(F) said that in order to control overfishing, the Administration had amended the Fisheries Protection Ordinance in 2012 to revamp the registration system for controlling the number of fishing vessels. The new trawlers were required for operating in distant waters outside Hong Kong and therefore should not pose any harm to fisheries resources in Hong Kong waters. PSFH(F) further said

that the Administration had implemented other fisheries management measures to control the number of fishing vessels and to conserve the fisheries resources in Hong Kong, with a view to striking a balance between development of the fisheries industry and sustainable development fisheries resources. Ms Emily LAU urged the Administration to provide updates on its commitment to the reduction of overfishing.

26. Mr Frederick FUNG called on the Administration to consider more effective policies to develop the fisheries industry. Deputy Secretary for Food and Health (1) said that the Administration had implemented a series of policies to assist the fisheries industry with a view to controlling the catch and fishing efforts, rehabilitating fisheries resources in Hong Kong, as well as developing new fisheries resources outside Hong Kong for the trade.

Discussion on the Chairman's decision on speaking time and order

27. The Chairman reminded members not to repeat the same questions and that they should raised questions on policies at relevant Panels.

28. The Chairman said that as members had been repeating questions or points on issues which should be raised in Panels, he would draw a line that the meeting should proceed to the voting procedure on motions moved under paragraph 37A of Finance Committee Procedure ("the FC Procedure") after the last round of questions.

29. Mr LEUNG Kwok-hung and Ms Claudia MO raised objection to the Chairman's decision and considered that members should be allowed to raise questions on the item as long as they wished. Mr LEUNG Yiu-chung said that the Chairman could make a ruling on each question which he considered repetitive instead of disallowing questions altogether. Mr CHAN Chi-chuen said that he had many questions on the item that he had yet to ask. Dr Fernando CHEUNG said that the Chairman had no reason at all to disallow questions raised in accordance with paragraph 46 of the FC Procedure.

30. At this juncture, many members raised their hands indicating their intention to speak on a point of order and spoke aloud in their seats at the same time without the Chairman's recognition. Mr Gary FAN said that the Chairman should give written notice to the meeting before "drawing a line" on members' questions. The Chairman directed that members should not speak simultaneously without his recognition.

31. Mr TO Kun-sun said that as he had only asked question for the first time and many other members had yet to ask any questions, the Chairman's decision to disallow further questions was premature.

32. In response to members' requests for an explanation, the Chairman reiterated that he was responsible for ensuring the efficient and orderly conduct of the meeting so that the Committee could effectively perform its function, and that he had already "drawn a line" to allow one last round of questions for members who had pressed the "request to speak" button at the time of his directive.

33. The Chairman said that the meeting was near to the scheduled closing time and the meeting could hardly proceed orderly in the circumstance. The Chairman then declared that the meeting be adjourned.

34. The meeting was adjourned at 7:24 pm.

Legislative Council Secretariat
10 July 2015