

立法會
Legislative Council

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Finance Committee of the Legislative Council

**Minutes of the 55th meeting
held at Conference Room 1 of the Legislative Council Complex
on Friday, 26 June 2015, at 5:10 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 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

Dr Hon LAM Tai-fai, SBS, 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 LEUNG Kwok-hung
Hon Albert CHAN Wai-yip
Hon WONG Yuk-man
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 Alice MAK Mei-kuen, JP
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 Emily LAU Wai-hing, JP
Hon Vincent FANG Kang, SBS, JP
Hon Ronny TONG Ka-wah, SC
Hon CHAN Hak-kan, JP
Dr Hon LEUNG Ka-lau

Hon Alan LEONG Kah-kit, SC
Hon Claudia MO
Hon LEUNG Che-cheung, BBS, MH, JP
Hon Kenneth LEUNG
Dr Hon KWOK Ka-ki
Hon Dennis KWOK

Public officers attending:

Ms Elizabeth TSE Man-yee, 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)
Miss Agnes WONG Tin-yu, JP	Deputy Secretary for Transport and Housing (Housing)
Mr John HUNG Leung-bun	Assistant Director of Housing (Strategic Planning)
Mrs Julie MA LEUNG Lai-fun	Senior Housing Manager (Rent and Special Services), Housing Department
Miss Cecilla LI	Deputy Director of Social Welfare (Administration)
Miss Maria LAU	Assistant Director of Social Welfare (Social Security)
Miss Rita LAU Choi-ha	Chief Social Security Officer (Social Security) 1, Social Welfare Department
Mr Jack CHAN Jick-chi, JP	Acting Director of Home Affairs
Miss LI Sin-yi	Senior Executive Officer (3) ¹ Home Affairs 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
Mr Frankie WOO
Ms Michelle NIEN
Miss Yannes HO

Council Secretary (1)5
Senior Legislative Assistant (1)3
Legislative Assistant (1)5
Legislative Assistant (1)6

Action

Item No. 2 – FCR(2014-15)15

HEAD 62 – HOUSING DEPARTMENT

Subhead 700 General non-recurrent

New Item "Special rent payment for public housing tenants"

HEAD 170 – SOCIAL WELFARE DEPARTMENT

Subhead 700 General non-recurrent

New Item "Additional provision for social security recipients"

The Committee continued with the deliberation on the item.

One month's rent payment for the "well-off tenants"

2. Pointing out that public rental housing ("PRH") tenants who were required to pay additional rents (the "well-off tenants") were eligible for one-off rent payment relief measures in previous years, Mr LEUNG Yiu-chung queried why the current rent payment proposal did not cover the "well-off tenants".

3. Deputy Secretary for Transport and Housing (Housing) ("DS(H)") said that the objective of the one-off rent payment measure was to relieve the rental burden of lower income tenants. The Administration had taken into account the comments received during the Budget consultation sessions and the view that the "well-off tenants" should not be covered under the current proposal.

4. Mr LEUNG Yiu-chung said that the "well-off tenants" were greatly dissatisfied with the Administration's decision of not applying the rent payment proposal to them. As the "well-off tenants" were also low-income households, the Administration should consider applying the one-off rent payment measure to all PRH tenants, including the "well-off tenants".

Extension of benefits to public rental housing applicants

5. Mr CHAN Chi-chuen and Mr Frederick FUNG called on the Government to provide rental subsidies to eligible PRH applicants who were living in private residential units but awaiting PRH allocation. In their view, being one-off, such subsidies would not benefit the landlords by pushing up

rents but could help relieve the burden of those PRH applicants.

6. DS(H) advised that PRH applicants awaiting flat allocation were not eligible for the rent payment measure. To help the low-income families cope with short-term financial pressure, the 2015-16 Budget proposed a number of one-off relief measures. Besides, an assistance programme under the Community Care Fund was being relaunched to provide a one-off living subsidy for low-income households not living in PRH and not receiving Comprehensive Social Security Assistance ("CSSA") to relieve their financial pressure.

Payments to recipients in elderly homes

7. Mr CHEUNG Kwok-che expressed concern as to whether the Administration had a monitoring mechanism in place to prevent residential care homes for the elderly ("RCHEs") from embezzling the social security payments of their residents.

8. Deputy Director of Social Welfare (Administration) ("DDSW(A)") advised that in the past years, following the announcement of the provision of one-off additional payment to CSSA and Social Security Allowance ("SSA") recipients, the Social Welfare Department ("SWD") would issue letters to individual RCHE operators reminding them that the provision of such payments was a one-off relief measure for social security recipients and should not be used for subsidizing home fees. Besides, the Licensing Office of Residential Care Homes for the Elderly ("LORCHE") of SWD had provided clear guidelines for RCHEs on the handling of residents' financial matters and possessions in its Code of Practice for Residential Care Homes (Elderly Persons) ("the Code"). The Code stipulated that written consent and authorization should be sought from the resident or his/her guardian, guarantor, family members or relatives for storing and holding possessions on behalf of RCHE residents. RCHEs were not allowed to draw on the long-term supplement or any of the additional standard rate payments granted to social security recipients for subsidizing the home fees.

9. DDSW(A) further said that LORCHE would closely monitor the compliance of RCHEs with the requirements for handling residents' possessions and fee-charging arrangement. Advisory or warning letters would be issued to RCHEs concerned when irregularities were found.

10. Mr CHEUNG Kwok-che reiterated his concern about social security payments for elderly persons living in RCHEs being embezzled and credited direct to the accounts of some unscrupulous RCHEs. He suggested that as an

advisory approach might not achieve any deterrent effect, consideration should be given to imposing sanctions on non-compliant RCHEs. Mr LEUNG Yiu-chung expressed a similar view. Citing as an example that the Tai Po Cambridge Nursing Home had received nine warning letters before having its licence revoked, Mr LEUNG queried the effectiveness of the advisory or warning approach adopted by SWD. Mr CHEUNG Kwok-che and Mr LEUNG Yiu-chung urged the Administration to step up efforts in investigating alleged embezzlement of social security payments for elderly persons living in RCHEs.

11. DDSW(A) reiterated that RCHEs were required to rectify irregularities detected during inspections. SWD might issue advisory or warning letters to non-compliant RCHEs depending on the severity of the irregularities and might take prosecution action against RCHEs which failed to comply with SWD's directions on rectifying irregularities. DDSW(A) advised that 31 private RCHEs had been successfully prosecuted, involving 44 offences in the past five years.

12. Dr Fernando CHEUNG asked whether the Administration would consider making public the names of RCHEs involved in the above-mentioned 44 offences. DDSW(A) advised that SWD had made public the names of RCHEs which were convicted under the Residential Care Homes (Elderly Persons) Ordinance and/or Residential Care Homes (Elderly Persons) Regulation on the Department's homepage. Dr Fernando CHEUNG however noted that SWD only made public the record of RCHEs successfully prosecuted in the recent 24 months. Dr CHEUNG requested the Administration to provide details of prosecution for the above-mentioned 44 offences cases after the meeting.

13. Mr CHAN Chi-chuen and the Chairman asked whether SWD would arrange any inspections specifically for detecting possible embezzlement of social security payments for elderly residents of RCHEs and whether any such instances had been found in the past.

14. DDSW(A) responded that LORCHE of SWD conducted surprise inspections to RCHEs to ensure that RCHEs comply with the licensing requirements. During the surprise inspections, LORCHE would check how RCHEs handled the possessions of the elderly residents and check the residents' bank books to ensure compliance with the Code. LORCHE adopted a risk-based approach in conducting inspections. The frequency of inspections would vary with the risk level of individual RCHEs to ensure that non-compliance was rectified in a timely manner.

15. The Chairman requested the Administration to provide information on substantiated cases relating to RCHEs using social security payments to subsidize home fees, and the follow-up actions taken by LORCHE. DDSW(A) undertook to provide the information after the meeting.

Review of the social security schemes

16. Pointing out that the Administration's proposal to provide extra payment of CSSA and SSA reflected that the levels of CSSA and SSA were too low, Mr CHAN Chi-chuen opined that the Administration should conduct a comprehensive review of the levels of these allowances. The Chairman said that Mr CHAN Chi-chuen's comment repeated those already made by members many times at the meeting, which was policy-related and should be pursued at the relevant Panel instead.

17. Mr LEUNG Kwok-hung was concerned that CSSA recipients living in private rental housing were suffering from high rentals and enquired about the average waiting time of PRH applicants for flat allocation. The Chairman reminded Mr LEUNG Kwok-hung not to digress from the item under deliberation.

18. Mr Frederick FUNG said that many CSSA households who were living in rented private housing were paying rents exceeding the maximum rent allowance ("MRA") under the CSSA Scheme because the rate of increase in MRA could not keep up with the rapid rising rental of private housing. He considered that the Administration should strengthen the support for CSSA households. The Chairman said that the concern about other relief measures should be pursued at the relevant Panel instead.

19. While expressing support for the proposal, Mr Albert CHAN criticized the Administration for refusing to review the CSSA Scheme and the eligibility criteria for the Disability Allowance ("DA") over the years. He was of the opinion that the CSSA standard payment rates as well as DA could not effectively help people living below the poverty line. He also expressed dissatisfaction about the Administration's proposal to pay only one month's rent for PRH tenants but waive the rates for property owners for two quarters. Mr Albert CHAN urged the Administration to review the items of goods and services included in Social Security Assistance Index of Prices, and update the spending pattern of CSSA households on essential items having regard to the prevailing economic conditions and rising cost of living.

20. The Chairman reminded Mr Albert CHAN not to digress from the item under deliberation nor repeat the same question or view.

21. Mr Albert CHAN queried how the proposed relief measures could effectively solve the financial problems of elderly people and enquired about the basis of setting the extra payment at two months of the standard rates/allowances. DDSW(A) responded that as stated in his Budget Speech, in introducing the relief measures, the Financial Secretary ("FS") had taken into account the challenging international macroeconomic environment, the unstable economic factors, the need to boost the local economy in the short term, and Government's relatively sound fiscal position in the short to medium term. Notwithstanding the Administration's response, Mr Albert CHAN criticized the Administration for ignoring the needs and financial difficulties of local elderly people.

Timetable for effecting the proposed one-off relief measures

22. Mr TANG Ka-piu enquired about the timing of implementing the rent payment measure for PRH tenants and disbursing extra payment for social security recipients. DS(H) and DDSW(A) advised that taking into account the lead time for conducting preparatory work including making adjustments to the Department's computer system, the rent payment measure could be implemented in August 2015, while the extra social security payment could be effected within four weeks of Finance Committee's approval of the item.

Poverty statistics

23. Dr Fernando CHEUNG expressed support for the one-off relief proposals. Dr CHEUNG said that according to the "Hong Kong Poverty Situation Report on Disability 2013" released by the Government in December 2014, the poverty rates of persons with disabilities had decreased from 45.3% to 29.5% after recurrent cash policy intervention. Dr CHEUNG asked whether the overall poverty rate as well as the respective poverty rates of elderly persons and persons with disabilities would improve with the provision of one-off extra payment for social security recipients.

24. DDSW(A) said that one-off relief measures were not taken into account in assessing the overall poverty rate. Dr Fernando CHEUNG suggested that the Administration should consolidate relevant statistics so as to facilitate members to gauge the poverty situation and assess the effectiveness of poverty alleviation policies. Mr LEUNG Kwok-hung shared Dr CHEUNG's views.

Eligibility criteria for Disability Allowance

25. Dr Fernando CHEUNG pointed out that one of the recommendations put forward by The Ombudsman in its 2009 Direct Investigation Report, was that the reference to "100% loss of earning capacity" in the eligibility criteria for DA was misleading and irrelevant, and the eligibility criteria for DA should be refined to facilitate objective medical assessment. He expressed great dissatisfaction about the Administration's inaction in taking forward The Ombudsman's recommendations.

26. DDSW(A) explained that the Administration had briefed the Panel on Welfare Services from time to time on the Government's support for persons with disabilities and other related issues. An Inter-departmental Working Group on Review of the Disability Allowance set up by the Labour and Welfare Bureau ("LWB") was reviewing the eligibility criteria for DA and would report the progress to the Panel on Welfare Services in due course. DDSW(A) added that the extra payment would be available to those who were eligible at the time of the Committee's approval of the proposed measure.

27. In response to the Chairman's request, DDSW(A) undertook to convey to LWB members' views and concerns about the eligibility criteria for DA, and provide Dr Fernando CHEUNG with a written response.

Forecasted fiscal surplus and deficit

28. Ms Cyd HO stressed the importance of public consultation in the budgetary process of the Government. She enquired when FS would decide the relief measures to be introduced and the arrangements for relevant consultation for the Budget in the following financial year.

29. Permanent Secretary for Financial Services and the Treasury (Treasury) said that it had been an established practice for FS to consult Members of the Legislative Council ("LegCo"), relevant stakeholders and the public when drawing up the Budget. These consultations were an important part of the budgetary process to ensure that proposals in the Budget were in line with the community's needs and priorities. The Government would invite views proactively, examine all proposals carefully and balance different considerations in a pragmatic manner in drawing up the Budget.

30. Mr Frederick FUNG criticized FS for having consistently under-estimated government revenue year after year. Mr FUNG expected that the fiscal reserve could reach some \$1,000 billion in 2015-2016 and queried

whether FS had been over-pessimistic in financial forecast in the past such that the Administration had not committed enough resources to relief measures.

31. The Chairman said that members had raised this question many times already and commented that the public officers attending the meeting would not be able to answer the question on behalf of FS.

32. Mr Frederick FUNG commented that since the fiscal surplus this financial year was four times as much as that in the previous year, the Administration should increase the resources for relief measures this year by the same proportion. DDSW(A) replied that the monetary amount for providing a one-off extra payment for social security recipients this year doubled the amount last year.

33. The Chairman said that it was difficult for the Administration to make provision for relief measures according to a certain proportion of the fiscal surplus. He reminded members to express views on the agenda item under deliberation. Mr Frederick FUNG said that the Chairman should not stop him from raising questions. The Chairman further explained that members should raise questions that were directly related to the item under discussion instead of asking questions pertaining to policy issues. As Chairman, he had the responsibility to ensure that the meeting was conducted in an orderly and efficient manner.

Provision of Old Age Allowance for eligible elderly people residing in Fujian Province

34. Mr Christopher CHEUNG queried why the Administration only provided Old Age Allowance ("OAA") to eligible elderly people residing in Guangdong Province but not to those residing in Fujian Province. He pointed out that Fujian Province was the place of origin of about 1.2 million Hong Kong permanent residents, and more and more Hong Kong elderly people had chosen to reside in Fujian Province in recent years. Mr CHEUNG enquired whether the Administration would provide OAA to these elderly people residing in Fujian Province.

35. The Chairman said that concerns about welfare policy should be pursued at the relevant Panel instead. Notwithstanding so, he invited the Administration to respond to the first question raised by Mr Christopher CHEUNG.

36. DDSW(A) said that as most of the Hong Kong elderly people who had settled in the Mainland were living in Guangdong, the Guangdong Scheme ("GD Scheme") allowed eligible Hong Kong elderly people who resided in the Guangdong Province to receive OAA without having to return to Hong Kong. At this stage, the Government did not have plans to extend the GD Scheme to cover Hong Kong elderly people residing in Fujian Province.

Other comments

37. While expressing support for the item, Mr LEUNG Kwok-hung took the view that the proposed one-off relief measures were not sufficient to help all the needy people.

38. Mr Albert CHAN and Mr Frederick FUNG questioned about the rationale for waiving rates for the first two quarters of 2015-2016, while the Government would pay only one month's rent for PRH tenants. The Chairman reminded members that similar questions had been raised by members many times at the meeting. Mr FUNG said that he supported the proposals with reluctance as further delay in the extra payment would affect adversely the livelihood of the recipients.

Voting on FCR(2015-16)15

39. There being no further questions from members, the Chairman put the item FCR(2015-16)15 to vote. At Mr Gary FAN's request, the Chairman ordered a division and the division bell was rung for five minutes. The Chairman announced that 47 members voted for and none voted against the item. The votes of individual members were as follows –

For:

Mr CHAN Kam-lam
Mr TAM Yiu-chung
Mr WONG Kwok-hing
Mr Andrew LEUNG Kwan-yuen
Ms Cyd HO Sau-lan
Dr LAM Tai-fai
Mr CHEUNG Kwok-che
Mr IP Kwok-him
Mr Paul TSE Wai-chun
Mr Albert CHAN Wai-yip
Mr Michael TIEN Puk-sun
Mr NG Leung-sing
Mr Frankie YICK Chi-ming

Mr LEUNG Yiu-chung
Mr Frederick FUNG Kin-kee
Mr Jeffrey LAM Kin-fung
Mr WONG Ting-kwong
Ms Starry LEE Wai-king
Mr CHAN Kin-por
Mr WONG Kwok-kin
Mrs Regina IP LAU Suk-yee
Mr LEUNG Kwok-hung
Mr WONG Yuk-man
Mr James TIEN Pei-chun
Mr Steven HO Chun-yin
Mr YIU Si-wing

Mr Gary FAN Kwok-wai	Mr MA Fung-kwok
Mr Charles Peter MOK	Mr CHAN Chi-chuen
Mr CHAN Han-pan	Dr Kenneth CHAN Ka-lok
Miss CHAN Yuen-han	Miss Alice MAK Mei-kuen
Mr KWOK Wai-keung	Mr Christopher CHEUNG Wah-fung
Dr Fernando CHEUNG Chiu-hung	Dr Helena WONG Pik-wan
Mr IP Kin-yuen	Dr Elizabeth QUAT
Mr POON Siu-ping	Mr TANG Ka-piu
Dr CHIANG Lai-wan	Ir Dr LO Wai-kwok
Mr CHUNG Kwok-pan	Mr Christopher CHUNG Shu-kun
Mr Tony TSE Wai-chuen	
(47 members)	

40. The Chairman declared that the Committee approved the item.

Item No. 3 – FCR(2014-15)16

HEAD 63 – HOME AFFAIRS DEPARTMENT

Subhead 000 Operational expenses

Subhead 700 General non-recurrent

New Item "Reimbursement of Setting-up Expenses and Winding-up Expenses for District Council members of the 2016–2019 term"

41. The Chairman advised that the item sought the Committee's approval with effect from 1 January 2016 of the proposed enhancements to the remuneration package and introduction of a new provision for duty visits for District Council ("DC") members; and a new commitment of \$47,090,000 under Subhead 700 General non-recurrent for reimbursing the Setting-up and Winding-up Expenses for District Council members for the 2016-2019 term.

42. At the invitation of the Chairman, Ms Starry LEE, Chairman of the Panel on Home Affairs, reported that the Panel had discussed the proposal on 6 February 2015. Ms LEE said that Panel members supported the proposal but raised concern about the rapid increase in rental for offices and other operating expenses. They urged the Administration to enhance the provision of accountable Operating Expenses Reimbursement ("OER") for DC members. Some Panel members considered that improvements should be made to the rate of the accountable Setting-up Expenses Reimbursement ("SER") for a DC member who had claimed SER in a previous term but had not changed the location of his ward office in the current term in order to provide sufficient funding for the DC member to replace obsolete office equipment. Besides, some Panel members called on the Administration to consider a further

provision for DC members to cover the end-of-service gratuity or severance pay for their assistants.

Difficulties in setting up offices

43. Mr Gary FAN declared that he was a member of Sai Kung DC and was supportive of the proposal. He expressed concern on the difficulty faced by some DC members in setting up ward offices. This was particularly the case for those members who had to rent private premises as ward offices, the rental expenses of which were much higher than those of public premises. Mr FAN asked whether the Administration would consider increasing the rate of OER.

44. Director of Home Affairs (Acting) ("DHA(Ag.)") said that the Administration had taken into account the rapid increase in rental forward offices in its last review of the expense reimbursement arrangement for DC members. The 34% increase in OER since 1 January 2014 was intended to address the concerns of DC members relating to increased operation expenses, in particular the rising rental of ward offices. Since then, the average utilization rate of OER had fallen from 92.6% in 2013 to 82% in 2014 and as such, the current rate of OER (i.e. about \$38,000 per month) should be sufficient to cover the expenses of most DC members on office rental.

45. Mr TANG Ka-piu declared that he was a member of Islands DC. He expressed concern about the difficulties encountered by some DC members in renting ward offices and urged the Administration to help DC members find suitable office accommodation.

46. In response, DHA(Ag.) indicated that the Administration were aware of the difficulty in setting up ward offices by some DC members and would continue to explore other options help DC members identify suitable venues as ward offices .

47. Mr Christopher CHUNG declared that he had been a member of Eastern DC for more than 20 years and expressed support for the funding proposal. He suggested that the Administration should consider providing DC members with office premises to meet with members of the public.

48. DHA(Ag.) advised that the Administration had considered whether certain areas in District Offices could be allocated to DC members but found it infeasible as it was not easy to identify suitable sites for such purpose in every constituency. That said, the Administration would continue to explore the feasibility of other options.

Increase of the accountable OER and Winding-up Expenses Reimbursement ("WER")

49. Mr Gary FAN held the view that the Administration should consider providing subsidies to those DC members who had difficulties in renting premises forward offices. DHA(Ag.) responded that OER was designed in such a way that DC members were given the maximum flexibility in deploying the funds according to their operational needs.

50. Mr WONG Yuk-man commented that unlike some of the DC members who belonged to large and resourceful political parties such as the pro-establishment camp, most of the independent DC members had no recourse to other funding sources apart from the basic remuneration and OER. Mr Christopher CHUNG disagreed with Mr WONG Yuk-man's view as he observed that some of the independent DC members were able to offer more freebies, such as mooncakes, to their constituents than were DC members of Democratic Alliance for Betterment and Progress of Hong Kong, to which Mr CHUNG belonged.

51. Mr TANG Ka-piu expressed grave concern that members of some DC constituencies which are large in area, such as T01 (Lantau), had to do a lot of travelling. As such, consideration should be given to providing these DC members with a special provision to cover the travelling expenses. DHA(Ag.) assured members that their suggestions would be given due regard when the next review was conducted.

52. Mr WONG Yuk-man expressed doubt about whether the current level of the OER provision was sufficient to cover the expenses of about 80% of all DC members on office rental as claimed by the Administration. He commented that the OER provision of \$456,624 per year (or \$38,052 per month) made it difficult for some independent DC members to run their district offices in serving his constituents. To provide greater support for independent DC members, Mr WONG suggested that the Administration should consider making fundamental change to the accountable reimbursement package so as to allow more flexibility in processing reimbursement of expenses.

53. DHA(Ag.) advised that a holistic approach had been adopted in reviewing the remuneration package for DC members. The Administration had conducted focus group meetings with DC members and their views had been taken into account in devising the proposed remuneration package. Notwithstanding, it would look into members' concerns in its next review.

54. Mr CHEUNG Kwok-che said that the rent for office space in private buildings was exorbitant. He suggested that if these DC members could not find suitable premises with the available OER resources, the Administration top up the amount of OER by an extra allowance for rental expenses.

55. DHA(Ag.) responded that the Administration was aware of this problem and the enhancement of OER since 1 January 2014 was intended to address the concerns of DC members relating to increased operating expenses. He assured members that the Administration would give due regard to the difference in office rents between private and public premises in its next review of the expense reimbursement arrangement for DC members.

56. Mr CHEUNG Kwok-che sought information about the difference between renting office units in private and public premises. DHA(Ag.) said that out of 505 DC members (as at 28 February 2015) about 450 had reimbursed the rental of their ward offices under OER. The average monthly rental paid by DC members for their ward offices in public housing estates was \$4,650, whereas that for office space in private buildings was about \$9,000.

57. Mr Christopher CHUNG brought up the issue of long service payment for DC members' assistants to illustrate the need for further improvements in OER. Expressing similar views, Mr CHEUNG Kwok-che commented that the provision of the accountable WER at \$72,000 per DC term was insufficient to cover all expenses required to wind up a ward office, such as paying severance payments to assistants. Mr CHEUNG enquired whether improvements could be made to the rate of the accountable WER in order to cover the severance pay to DC members' assistants.

58. DHA(Ag.) responded that at present an accountable WER at \$72,000 per DC term was provided to outgoing members to cover expenses required to wind up a ward office. The provision could be used for paying severance payment to DC members' assistants engaged with OER. Serving members could also use the accountable OER for paying severance payments to assistants, where applicable. DHA(Ag.) further advised that the average utilization rate for the accountable WER for the 2008-2011 term was 34% only.

Role and functions of DC

59. Dr Helena WONG said that the Democratic Party welcomed the Administration's proposal. However, she criticized the Government for its reluctance to devolve more power to DCs in district administration. She called on the Administration to devolve more power to DCs to enable them to play a

more meaningful monitoring and district administration role and meet the public expectation in this regard.

60. DHA(Ag.) advised that the Government regarded DCs as key players in district administration. Starting from 2008-2009, the Administration had increased the annual provision to the DC Funds to \$300 million for organizing community involvement programmes with district characteristics. The Administration had also made available to DCs a dedicated capital works block vote with an annual provision of \$300 million for carrying out district minor works projects. DCs were also involved in the management of some district facilities including community halls, public libraries, leisure grounds, sports venues, public swimming pools and beaches.

61. Dr Helena WONG relayed the complaints of some DC members that the non-attendance of public officers at DC meetings had been increasingly prevalent. DHA(Ag.) advised that arrangement had been made for Heads of Departments with direct interface with the public to attend DC meetings. Besides, the Summit on District Administration chaired by the Chief Executive was held biannually to provide a forum for exchanges between DC members and the policy bureaux and departments on issues relating to the livelihood of the general public.

62. DHA(Ag.) further said that the Government had reserved a one-off grant of \$100 million for each district to implement one to two Signature Project Scheme projects. With the introduction of a pilot scheme in Sham Shui Po and Yuen Long to provide the District Management Committees chaired by the District Officers with the decision-making power to tackle the management and environmental hygiene problems of some public areas, the Government would consider providing additional manpower and resources depending on circumstances to implement the scheme in all 18 districts.

63. Mr Albert CHAN criticized the Administration for giving preference to providing generous improvements to DC members' remuneration but was not as forthcoming in increasing CSSA or implementing retirement protection measures. Pointing out that the proposal would increase the remuneration package of DC members by 25 times as compared to 1982 when the District Board system was first introduced, Mr CHAN queried that an increase in remuneration of such magnitude was not justified.

64. When DHA(Ag.) was speaking, Mr Albert CHAN spoke loudly in his seats. The Chairman cautioned him to remain silent.

65. Mr Albert CHAN did not subscribe to the Administration's explanation that the roles and functions of DC had expanded since 2008 and commented that the Administration's claim had in effect insulted those members serving DCs previously.

66. Mr LEUNG Kwok-hung surmised that the current funding proposal was designed only to benefit some political parties as they formed the majority of DC members. He considered that the DC's scope of work had remained unchanged over the years, except that appointed DC members had the right to nominate candidates and vote at a Chief Executive election.

New provision for duty visits

67. Mr LAM Tai-fai expressed support for the funding proposal and understanding of the difficulties faced by many DC members. Noting that the proposal to introduce a new provision, capped at \$10,000 per member per term, to finance DC members' duty visits, he enquired why the visits were confined to nearby or Asian cities and whether prior approval was required for the visits and any reports should be made afterwards.

68. DHA(Ag.) advised that all the duty visits should be directly related to the work of DCs, formally endorsed by and conducted in the name of DCs or their committees. While the destinations for the duty visits were to be decided by DCs, individual members could put forward proposals for the consideration of DCs. The DC Secretariats would provide logistical support for the duty visits and arrange for the procurement of air tickets, accommodation and/or in-town travelling arrangements.

69. Mr LAM Tai-fai considered that the relevant part of the proposal as presently worded might give rise to the perception that DC members would only be allowed to conduct visits to nearby or Asian cities. Mr LAM expressed doubt whether the DC Secretariats could provide efficient support for DC members' duty visits as these visits involved substantial preparatory work. The Chairman asked whether additional manpower would be required for handling extra workload arising from duty visits.

70. DHA(Ag.) said that detailed guidelines were being drafted and the guidelines would stipulate clearly that DCs could decide the destinations for the duty visits. On the manpower issue, the their existing manpower strength should be able to cope with the workload arising from the preparatory work of duty visits.

System of declaration of interests for District Council members

71. Ms Cyd HO said that since DC meetings were normally held bi-monthly, DC members should be subject to a higher attendance requirement, but the attendance rate of some DC members was rather low. Ms HO asked how the Administration would improve attendance of meetings of DC members.

72. The Chairman enquired whether any declaration system was put in place requiring DC members to disclose their personal interests, including remunerated or unremunerated employments; and if yes, the Administration should be able to figure out the number of full-time councillors relying on the remuneration for DC members as their sole source of income. Mr LEE Cheuk-yan echoed the Chairman's views.

73. Mr LEUNG Kwok-hung asked whether the DC declaration mechanism was the same as that of the LegCo requiring members to provide information on the registrable interests in respect of, inter alia, property, assets, remunerated employment and donations. Mr LEE Cheuk-yan asked whether DC members were required to disclose any personal interests in respect of land and/or property ownership.

74. In response, DHA(Ag.) advised that among the elected members, 209 DC members (51%) had claimed that they were full-time councilors. To avoid conflict of interest, all DCs had adopted a two-tier reporting system comprising (i) Register of Members' Interests, under which DC members shall provide respective DC Secretaries with particulars of their personal interests; and (ii) Declaration of Interests at meetings. Any DC member who had pecuniary or other interests in any matter under consideration by the DC concerned or had connections with the beneficiaries or potential beneficiaries, should declare such to the DC concerned prior to the discussion of the relevant item. The DC Chairman shall decide whether the member might speak or vote on that matter, or should withdraw from the meeting. DHA(Ag.) observed that some DC members had declared their personal interests in terms of land and/or property ownership. The information on interests registered by DC members was accessible to the public.

Other issues

75. Mr LEE Cheuk-yan was concerned about the fairness of the existing fund allocation mechanism under DCs. He said that some DCs might allocate funds to groups affiliated with their political parties, and this could result in favouritism.

76. In response to Mr LEE Cheuk-yan's enquiry on whether the information related to interests registered by DC members could be accessed through the Internet, DHA(Ag.) replied in the negative. He however undertook to consider enhancing the transparency of such information in future. Mr LEE Cheuk-yan did not subscribe to the Administration's explanation and stressed that such information should be made accessible to the public in a more user-friendly manner.

77. The Chairman declared that the meeting be adjourned and the Committee would continue with the discussion at the next meeting after a break of 30 minutes.

78. The meeting was adjourned at 7:10 pm.

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