Finance Committee of the Legislative Council

Minutes of the 6th meeting
held at Conference Room 1 of the Legislative Council Complex
on Friday, 3 November 2017, at 3:00 pm

Members present:

Hon CHAN Kin-por, GBS, JP (Chairman)
Hon Michael TIEN Puk-sun, BBS, JP (Deputy Chairman)
Hon James TO Kun-sun
Hon LEUNG Yiu-chung
Hon Abraham SHEK Lai-him, GBS, JP
Hon Tommy CHEUNG Yu-yan, GBS, JP
Prof Hon Joseph LEE Kok-long, SBS, JP
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon WONG Ting-kwong, GBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon CHAN Hak-kan, BBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon WONG Kwok-kin, SBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Claudia MO
Hon Steven HO Chun-yin, BBS
Hon Frankie YICK Chi-ming, SBS, JP
Hon WU Chi-wai, MH
Hon YIU Si-wing, BBS
Hon MA Fung-kwok, SBS, JP
Hon Charles Peter MOK, JP
Hon CHAN Chi-chuen
Hon CHAN Han-pan, JP
Hon LEUNG Che-cheung, SBS, MH, JP
Hon Alice MAK Mei-kuen, BBS, JP
Dr Hon KWOK Ka-ki
Hon KWOK Wai-keung, JP
Hon Dennis KWOK Wing-hang
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
Dr Hon Helena WONG Pik-wan
Hon IP Kin-yuen
Dr Hon Elizabeth QUAT, BBS, JP
Hon Martin LIAO Cheung-kong, SBS, JP
Hon POON Siu-ping, BBS, MH
Dr Hon CHIANG Lai-wan, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon CHUNG Kwok-pan
Hon Alvin YEUNG
Hon Andrew WAN Siu-kin
Hon CHU Hoi-dick
Hon Jimmy NG Wing-ka, JP
Dr Hon Junius HO Kwan-yiu, JP
Hon HO Kai-ming
Hon LAM Cheuk-ting
Hon Holden CHOW Ho-ding
Hon SHIU Ka-fai
Hon SHIU Ka-chun
Hon Wilson OR Chong-shing, MH
Hon YUNG Hoi-yan
Dr Hon Pierre CHAN
Hon CHAN Chun-ying
Hon CHEUNG Kwok-kwan, JP
Hon HUI Chi-fung
Hon LUK Chung-hung
Hon LAU Kwok-fan, MH
Dr Hon CHENG Chung-tai
Hon KWONG Chun-yu
Hon Jeremy TAM Man-ho

Members absent:

Hon Kenneth LEUNG
Hon Tanya CHAN
Hon Kenneth LAU Ip-keung, BBS, MH, JP
Public officers attending:

Ms Alice LAU Yim, JP  
Permanent Secretary for Financial Services and the Treasury (Treasury)

Ms Carol YUEN, JP  
Deputy Secretary for Financial Services and the Treasury (Treasury) 1

Mr Mike CHENG Wai-man  
Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)

Mr Andrew LAI Chi-wah, JP  
Deputy Secretary for Financial Services and the Treasury (Treasury) 2

Mr TAM Tai-pang, JP  
Deputy Commissioner of Inland Revenue (Operations)

Mr Jack CHAN Jick-chi, JP  
Under Secretary for Home Affairs

Mr Nick AU YEUNG Lik  
Principal Assistant Secretary for Home Affairs (Special Duties), Home Affairs Bureau

Mr HON Chi-keung, JP  
Permanent Secretary for Development (Works), Development Bureau

Mr Vincent MAK Shing-cheung, JP  
Deputy Secretary for Development (Works) 2, Development Bureau

Mr LAM Sai-hung, JP  
Director of Civil Engineering and Development

Mr Robin LEE Kui-biu, JP  
Project Manager (Hong Kong Island and Islands), Civil Engineering and Development Department

Clerk in attendance:

Ms Anita SIT  
Assistant Secretary General 1

Staff in attendance:

Mr Derek LO  
Chief Council Secretary (1)5

Ms Ada LAU  
Senior Council Secretary (1)7

Mr Raymond SZETO  
Council Secretary (1)5

Miss Queenie LAM  
Senior Legislative Assistant (1)2

Mr Frankie WOO  
Senior Legislative Assistant (1)3

Miss Yannes HO  
Legislative Assistant (1)6
Item No. 1 — FCR(2017-18)18
RECOMMENDATION OF THE ESTABLISHMENT SUBCOMMITTEE MADE ON 26 APRIL 2017

EC(2016-17)28
HEAD 147 — GOVERNMENT SECRETARIAT: FINANCIAL SERVICES AND THE TREASURY BUREAU (TREASURY BRANCH)
Subhead 000 — Operational expenses

HEAD 76 — INLAND REVENUE DEPARTMENT
Subhead 000 — Operational expenses

The Chairman informed members that this item sought approval from the Finance Committee ("FC") of the recommendation of the Establishment Subcommittee ("ESC") made at its meeting held on 26 April 2017, i.e. the recommendation in EC(2016-17)28 regarding the creation of one permanent post of Administrative Officer Staff Grade C ("AOSGC") in the Treasury Branch of the Financial Services and the Treasury Bureau ("FSTB") to strengthen directorate support on policy and legislative matters regarding Hong Kong's cooperation with the international community on tax matters; and making permanent of one supernumerary post of Chief Assessor in the Inland Revenue Department ("IRD") to cope with the increased workload and various policy initiatives relating to stamp duty.

Discussion on the proposed permanent post of Principal Assistant Secretary for Financial Services and the Treasury (Treasury) (Revenue) 2

2. Mr CHAN Chun-ying, Mr WU Chi-wai and Mr LEUNG Che-cheung expressed support for the creation of the permanent post of Principal Assistant Secretary for Financial Services and the Treasury (Treasury) (Revenue) 2 ("PAS(Tsy)R2"). Noting that the proposed post was responsible for dealing with the policy issues concerning the Comprehensive Avoidance of Double Taxation Agreements ("CDTAs") signed with other countries, Mr CHAN Chun-ying said that as quite a number of such countries might be our partners under the Belt and Road Initiative, the implementation of the relevant policy initiatives would be of great importance to Hong Kong's role under the Belt and Road Initiative. In this connection, he enquired about the division of responsibilities between FSTB and IRD in respect of those policy initiatives.

3. Deputy Secretary for Financial Services and the Treasury (Treasury) 2 ("DSFST(T)2") responded that in general, IRD would be
responsible for conducting negotiations with our trade partners on CDTAs, while FSTB would be in charge of the policy initiatives. Upon conclusion of CDTAs, FSTB would also draw up the necessary subsidiary legislation and handle the legislative process. In future, FSTB would continue to work closely with IRD to expand Hong Kong’s network of CDTAs.

Implementing the package of measures to tackle base erosion and profit shifting of enterprises

4. Dr Fernando CHEUNG and Dr KWOK Ka-ki enquired whether there was any timetable for implementing the package of measures to tackle base erosion and profit shifting ("the BEPS package") in Hong Kong. Dr KWOK queried the appropriateness to create the proposed PAS(Tsy)R2 post on a permanent basis if work relating to the implementation of the BEPS package was only time-limited.

5. DSFST(T)2 responded that the workload of FSTB in respect of international tax cooperation had been increasing. Citing the work on tax cooperation with the Organization for Economic Co-operation and Development ("OECD") and the European Union as an example, he said that a dedicated officer was needed to handle the relevant duties given the high-level input required. Hence, it was necessary to create the proposed post on a permanent basis. Separately, of the 15 action plans covered under the BEPS package, Hong Kong was required to implement, as the minimum standards, four items which involved legislative amendments. In this regard, the Administration envisaged the need for long-term manpower support since OECD might require the tax jurisdictions to implement the remaining 11 action plans after its review on the BEPS package in 2020. As far as the implementation timetable was concerned, the Administration published the relevant consultation document in October 2016 and announced its implementation strategies in July 2017.

Discussion on the proposed permanent post of Chief Assessor (Stamp Office)

6. Mr LEUNG Che-cheung was concerned that the proposal could not be approved expeditiously due to FC's slow progress in scrutinizing the funding application. Given the proposal to expand the civil service as announced by the Chief Executive ("CE") in her Policy Address in October this year, Mr LEUNG enquired whether additional posts would be created in IRD accordingly.

7. Noting that the former time-limited supernumerary post of Chief Assessor (Stamp Office) ("CA(SO)") had already lapsed on 1 April 2017,
Mr CHAN Chun-ying expressed concern that FC only managed to consider the current proposal several months later. He asked whether the proposed permanent post, if created, would be filled by the former incumbent or another officer.

8. Mr LEUNG Yiu-chung, Dr KWOK Ka-ki and Mr WU Chi-wai pointed out that the duties of CA(SO) were invariably of a short-term or time-limited nature, including handling the appeal cases arising from the demand-side management measures. In this connection, they enquired about the justifications for creating the proposed post on a permanent basis instead of extending the time-limited supernumerary post.

9. DSFST(T)2 and Deputy Commissioner of Inland Revenue (Operations) ("DCIR(O)") responded that:

(a) having reviewed the staffing position of the Stamp Office ("SO"), the Administration came to the view that it necessary to create the CA(SO) post on a permanent basis to cope with the ever-increasing workload in relation to tax assessment (for instance, receipts from stamp duty, betting duty, etc. would bring about some $80 billion to government revenue per annum), to provide other policy support and to take forward various legislative amendment proposals. Moreover, it was envisaged that with the introduction of additional laws and measures in future to further promote the financial industry of Hong Kong, support from the proposed post would be required on an ongoing basis. The Administration had secured support from the Panel on Financial Affairs and ESC of the Legislative Council ("LegCo") for the proposal to create the proposed post early this year. Apart from this item, the Administration would also consider increasing the manpower of SO in due course; and

(b) given the heavy workload of SO, IRD had to deploy manpower resources internally from other units to take up the relevant duties upon expiry of the supernumerary CA(SO) post. IRD would assign a suitable candidate to fill the permanent CA(SO) post upon its creation.

Relationship between the proposed post and the demand-side management measures

10. Referring to the demand-side management measures introduced by the Administration to rein in escalating property prices, Mr CHAN
Chi-chuen queried that the heavy workload arising from the assessment of stamp duty and the handling of appeal cases, as put forth by the Administration to justify the creation of the proposed CA(SO) post, was in fact a result of the Administration's failure to plug potential loopholes in the implementation of such measures. He was of the view that the Administration should expeditiously amend the relevant legislation if there were any legal ambiguities concerning the demand-side management measures. In this regard, Mr CHAN requested the Administration to provide statistics in relation to stamp duty appeal cases on property transactions, including a breakdown, by category, of such cases arising from legal ambiguities concerning the demand-side management measures, as well as the number of successful appeal cases. He also enquired whether the Administration had collated any information on the expenditure involved in handling previous appeal cases.

11. Mr WU Chi-wai and Mr LEUNG Yiu-chung said that by converting the supernumerary CA(SO) post into a permanent post, the Administration would be sending a misleading message to the market that the demand-side management measures had become permanent. Mr WU sought the Administration's undertaking that when withdrawing the demand-side management measures in future, it would brief LegCo on the assignment for and changes in CA(SO)'s responsibilities, including additional duties to be taken up to make up for the reduced workload arising from the withdrawal of such measures.

12. Mr CHUNG Kwok-pan stated that the Liberal Party opposed the demand-side management measures which distorted the property market. He sought the Administration's clarification that the CA(SO) post would not only be responsible for handling the work arising from the implementation of the demand-side management measures, or else, the Liberal Party would not support the proposal.

13. Mr James TO opined that the legal issues involved in the appeal cases handled by SO might be more or less the same. As such, SO could expedite the processing of appeal cases and clear the backlog by making reference to the legal views or judgements concerning similar legal issues in the past.

14. DSFST(T)2 and DCIR(O) responded that:

(a) the demand-side management measures were not standing policies. The CA(SO) post was not created primarily to handle the duties concerning the demand-side management measures as such duties only accounted for 20% of the post's
workload. Regardless of the way forward for the demand-side management measures, there would still be a large number of appeal cases (arising from disputes over property valuation, tax assessment, etc.) to be handled;

(b) apart from handling tax assessment appeal cases, SO was also heavily engaged in providing technical support to FSTB and other bureaux in implementing new policy initiatives with a view to consolidating and promoting Hong Kong's status as an international financial centre. For example, the supernumerary CA(SO) post had supported the work relating to the issuance of Islamic bonds;

(c) while the legal issues involved in appeal cases might be of a similar nature, the facts and details of every case must be closely examined, and it would not be appropriate to directly apply the legal views or judgements from previous cases; and

(d) while the Administration had not collated any information on the cost of handling the appeal cases as requested by Mr CHAN Chi-chuen, it would strive to provide available data as far as practicable.

Voting on the item

15. At 4:10 pm, there being no further questions from members, the Chairman put the item to vote. At the request of members, the Chairman ordered a division, and the division bell was rung for five minutes. The Chairman declared that 41 members voted in favour of and no member voted against the item, and 1 member abstained from voting. The votes of individual members were as follows:

For:
Mr Tommy CHEUNG Yu-yan  Prof Joseph LEE Kok-long
Mr WONG Ting-kwong       Mr WONG Kwok-kin
Mr Michael TIEN Puk-sun    Mr Steven HO Chun-yin
Mr Frankie YICK Chi-ming   Mr WU Chi-wai
Mr YIU Si-wing            Mr MA Fung-kwok
Mr Charles Peter MOK       Mr CHAN Chi-chuen
Mr CHAN Han-pan            Mr LEUNG Che-cheung
Ms Alice MAK Mei-kuen      Dr KWOK Ka-ki
Mr KWOK Wai-keung          Dr Helena WONG Pik-wan
Mr IP Kin-yuen             Mr Martin LIAO Cheung-kong
Mr POON Siu-ting           Ir Dr LO Wai-kwok
Mr Alvin YEUNG  Mr Andrew WAN Siu-kin
Mr CHU Hoi-dick  Mr Jimmy NG Wing-ka
Dr Junius HO Kwan-yiu  Mr HO Kai-ming
Mr LAM Cheuk-ting  Mr Holden CHOW Ho-ding
Mr SHIU Ka-fai  Mr SHIU Ka-chun
Mr Wilson OR Chong-shing  Ms YUNG Hoi-yan
Dr Pierre CHAN  Mr CHAN Chun-ying
Mr CHEUNG Kwok-kwan  Mr HUI Chi-fung
Mr LAU Kwok-fan  Dr CHENG Chung-tai
Mr KWONG Chun-yu
(41 members)

Abstained:
Mr LEUNG Yiu-chung
(1 member)

16. The Chairman declared that the item was approved.

Item No. 2 — FCR(2017-18)30
RECOMMENDATION OF THE ESTABLISHMENT SUBCOMMITTEE MADE ON 14 JUNE 2017

EC(2017-18)1
HEAD 53 — GOVERNMENT SECRETARIAT: HOME AFFAIRS BUREAU
Subhead 000 — Operational expenses

17. The Chairman informed members that this item sought FC's approval of the recommendation of ESC made at its meeting held on 14 June 2017, i.e. the recommendation in EC(2017-18)1 regarding the retention of one supernumerary AOSGC post in the Community Care Fund ("CCF") Secretariat under the Home Affairs Bureau ("HAB") for five years up to 30 June 2022 to continue to provide dedicated directorate support to CCF to ensure its smooth operation.

Operation of the Community Care Fund

18. Dr KWOK Ka-ki, Mr SHIU Ka-chun, Mr KWONG Chun-yu, Mr LEUNG Yiu-chung, Mr Andrew WAN, Mr Alvin YEUNG and Mr IP Kin-yuen said that when CCF was first established, the Government's aim was to join hands with the business sector to provide assistance to people in need in society, with the target of each side making a contribution of $5 billion. However, since the establishment of CCF, there had been a
serious shortfall in the donations from the business sector as the amount of such donations had been decreasing over the years. In 2017, the amount of donations from the business sector dropped to only some $40,000. They urged the Administration to review the reasons for inadequate donations and to proactively raise funds from the business sector again. Dr KWOK and Mr SHIU criticized the lack of long-term commitment on the Administration's part for it had always relied on short-term programmes under CCF to provide assistance, rather than funding the relevant social welfare items from its recurrent expenditure. Mr SHIU expressed opposition against the item.

19. Ir Dr LO Wai-kwok and Mr LAU Kwok-fan expressed support for the item. Ir Dr LO was of the view that the business sector would gladly oblige should the Administration appeal for donations therefrom proactively. He asked about the achievements made by CCF since its establishment. Mr LAU said that as donations from the business sector to CCF might create the impression of collusion between the Government and the businesses, some aspiring businessmen would be deterred from doing so. Mr Frankie YICK and Mr CHUNG Kwok-pan stated that the shortfall in donations did not mean the business sector was not supportive towards helping the people in need. The business sector had grave reservation that even with its colossal fiscal reserves, the Administration was still unwilling to make greater commitment on the CCF programmes. As such, the business sector would rather fulfill their social responsibilities by supporting the people in need through other ways.

20. Mr CHU Hoi-dick, Mr LEUNG Yiu-chung and Dr Fernando CHEUNG criticized the Administration's lack of comprehensive and long-term planning for the operation of CCF. Dr CHEUNG, Mr CHU, Mr SHIU Ka-chun and Mr IP Kin-yuen queried that the current decision-making mechanism of CCF was not subject to any monitoring by LegCo and the public, while the two public consultation sessions held each year to seek public views were far from effective. Mr IP requested the Administration to consult the relevant LegCo Panels on all CCF programmes to be launched. Dr CHEUNG pointed out that the Administration's current approach of recording public views collected from the consultation sessions in the form of a summary of views and suggestions was inadequate. He called on the Administration to hold public consultation sessions in each of the five geographical constituencies across the territory, and to respond to the views expressed by the public and take necessary follow-up actions in a practical manner. Ms Claudia MO called on the Administration to take the initiative to organize consultation sessions in the Islands District.
21. Mr CHU Hoi-dick suggested that the Administration should make reference to the approach adopted by the Kwai Tsing District Council to provide community healthcare services with funds from the Signature Project Scheme, so that District Councils could take the lead in formulating CCF programmes.

22. Referring to the point he made during ESC’s discussion on this item that raising donations proactively from the business sector to CCF should be included as part of the responsibilities of the proposed post, as well as the Administration's subsequent response to relay his view to the CCF Task Force, Mr CHAN Chi-chuen sought a direct response from the Administration on his suggestion.

23. Mr Abraham SHEK considered that the Administration should make use of CCF to help the people in need in society as far as possible.

24. Under Secretary for Home Affairs ("USHA") and Principal Assistant Secretary for Home Affairs (Special Duties) ("PASHA(SD)") responded that:

(a) CCF had, since its establishment, launched 44 assistance programmes involving a commitment of $8.4 billion and benefiting as many as 1.5 million cases. Apart from reporting the progress of CCF operation to LegCo every six months, the Administration would consult the relevant LegCo Panels before launching any brand-new pilot CCF programmes with an estimated funding provision of over $100 million;

(b) CCF was not a matching fund and the estimated amount of $5 billion was simply a fund-raising target. Since 2011, a total of about $1.8 billion in donations had been received from the business sector. Currently, CCF was in a sound financial position with its balance standing at about $19.4 billion, while the investment returns from the Hong Kong Monetary Authority ("HKMA") and bank interest income amounted to $3 billion and $220 million respectively. Therefore, CCF did not have any further initiative to raise funds from the business sector for the time being. That said, the Government would always welcome the support of the community through donations to CCF;

(c) the Administration was aware that the amount of donations to CCF in recent years was on the low side. It would relay members' views on the need to review the fund-raising
arrangements, including Mr CHAN Chi-chuen's suggestions as set out in paragraph 22 above, to the CCF Task Force for consideration; and

(d) the CCF Task Force, comprising members who were government officials, was responsible for raising funds. The Administration agreed that CCF's public consultation and public engagement initiatives could be strengthened, such as by conducting public consultation in more districts and taking appropriate follow-ups actions on views collected from the consultation sessions.

25. The Chairman requested the Administration to provide a written report on the long-term development plan of CCF, including the solicitation of donations, financing and budgeting arrangement.

[Post-meeting note: As per the Chairman's request in paragraph 25, the CCF Secretariat had provided a written response on 27 December 2017, which was issued to members vide LC Paper No. FC92/17-18(01) on 29 December 2017.]

Suggestions on Community Care Fund programmes

26. Ms Claudia MO enquired how CCF would set priorities in launching its programmes.

27. Mr WU Chi-wai, Mr SHIU Ka-chun and Mr Alvin YEUNG were concerned that some CCF programmes were not regularized by the Government. Mr SHIU and Mr YEUNG sought information from the Administration on the criteria for regularizing the CCF programmes. Mr WU asked if the Administration would provide alternatives to those programmes which were not regularized upon their expiry.

28. Mr KWONG Chun-yu and Mr SHIU Ka-chun called on the Administration to continue CCF's One-off Living Subsidy for Low-income Households Not Living in Public Housing and Not Receiving Comprehensive Social Security Assistance ("CSSA") Programme (commonly known as "assistance for the 'N have-nots'") as the "N have-nots" could not benefit from the existing social welfare measures. Mr SHIU said that while Members had requested that assistance for the "N have-nots" be continued to be provided by CCF at the relevant LegCo Panel meetings, no direct response from the Administration was forthcoming. Ms Claudia MO called on CCF to be flexible when handling applications for assistance for the "N have-nots". Mr LAU
Kwok-fan enquired whether any consideration had been given by the Administration to regularize assistance for the "N have-nots".

29. Mr SHIU Ka-chun said that CCF's Subsidy for CSSA Recipients Living in Rented Private Housing Programme had been implemented for more than four years and should be regularized. Expressing similar views, Mr Andrew WAN queried the Administration's justification for its claim that the provision of such an assistance would push up private housing rentals.

30. Mr CHAN Chi-chuen suggested relaxing the means test for CCF's Medical Assistance Programme, and consulting patients' groups when reviewing the patient's co-payment mechanism.

31. Mr IP Kin-yuen called on CCF to provide financial assistance to underprivileged students for purchasing electronic equipment in order to bridge the "digital divide".

32. USHA and PASHA(SD) responded that:

(a) priorities of CCF programmes would be set according to their urgency as well as their impact on the recipients. The CCF Task Force would keep in view the different needs in the community and introduce new programmes to replace the old ones when necessary. For instance, eight new programmes had been launched by CCF this year;

(b) the Administration would, from time to time, review the CCF programmes and regularize the ones proven to be effective. So far, the Administration had incorporated a total of 12 CCF programmes into its regular assistance programmes (such as the provision of funding for ordinary schools to arrange the special educational needs coordinators pilot project), while eight programmes had been completed without regularization. The CCF Secretariat had provided a written response dated 7 July 2017 to the LegCo Secretariat addressing the questions raised by ESC members about the reasons why certain programmes had not been regularized. Regarding the consideration of regularization, the Administration would take into account the respective evaluation results of each programme, the views of the CCF Task Force and the Commission on Poverty, as well as the resources available. For example, when considering whether or not the Special Care Subsidy for the Severely Disabled Programme should be
regularized, the Administration had also examined whether the programme would overlap with other similar welfare measures;

(c) regarding the arrangement to follow up on programmes completed without regularization, it would depend on the circumstances of individual cases. While some programmes might be subsumed under similar policy initiatives, others might be fully or partially incorporated into existing government assistance programmes;

(d) members' concerns about assistance for the "N have-nots" had been discussed on a number of previous occasions. When the assistance programme was first drawn up by the Administration, the aim was to provide a one-off cash subsidy for the "N have-nots" households who could not benefit from the short-term relief measures introduced by the Budget years ago. However, with the introduction of fewer short-term relief measures in the budgets in recent years, the CCF Task Force was of the view that there was insufficient justification for CCF to re-launch the assistance for the "N have-nots" programme;

(e) as announced by CE in the Policy Address, the Government would invite CCF to consider providing subsidy to underprivileged primary and secondary students for purchasing tablet computers, so as to facilitate the practice of e-learning. CCF would actively follow it up;

(f) the Food and Health Bureau was working with the Hospital Authority on the review of the patient's co-payment mechanism under CCF's Medical Assistance Programme. CCF would closely keep in view the progress of review; and

(g) the Subsidy for CSSA Recipients Living in Rented Private Housing Programme was not incorporated into the Government's regular assistance programmes for a number of reasons. One major concern was that the provision of such assistance might push up private housing rentals further, thereby aggravating the burden of non-CSSA households.
Duties of the proposed post and work of the Community Care Fund Secretariat

33. Ms Claudia MO enquired whether the proposed post would be involved in the process of approving CCF programmes. Mr Andrew WAN and Mr IP Kin-yuen took the view that as CCF had a relatively passive role in the design of assistance programmes since its work was primarily limited to complementing the policies of other policy bureaux, and given the absence of any plan for CCF to solicit donations proactively, there might be insufficient workload to keep the proposed post fully engaged. Mr IP and Ms MO queried the need for a directorate post to oversee the operation of the CCF Secretariat because only general administrative duties were involved.

34. Ms Claudia MO expressed worry about the excessively high administrative and staffing costs of CCF.

35. Mr CHU Hoi-dick sought information on CCF's estimated operating cash flow.

36. Referring to the duties of the proposed post, Mr CHAN Chi-chuen and Mr WU Chi-wai sought details about the post holder's responsibilities in overseeing CCF's financial management and overall funding allocation. Mr WU queried the need for the proposed post to get involved in financial management since CCF's balance would be placed with HKMA for investment returns.

37. Mr WU Chi-wai, Mr LEUNG Yiu-chung and Dr Fernando CHEUNG asked whether the CCF Secretariat would analyze and evaluate the assistance programmes implemented in each financial year as well as their respective estimated expenditure, so as to facilitate the decision-making of the CCF Task Force. Dr CHEUNG called on the Administration to get in touch with the grass roots proactively in order to understand their needs.

38. Noting that the proposed post would lead a team of 14 non-directorate staff in the CCF Secretariat including one Chief Executive Officer and two Senior Executive Officers ("SEOs"), Mr Jeremy TAM enquired about the respective responsibilities of the two SEOs. He also suggested that the Administration should increase manpower support to ensure better communication with various policy bureaux and departments.
39. **USHA and PASHA(SD) responded that:**

(a) having reviewed the situation, the Administration considered that CCF would still be necessary to operate in the coming five years in order to implement its ongoing and new programmes. However, as CCF's estimated expenditure would vary depending on the features and financial requirements of individual assistance programmes, it was difficult to accurately project CCF's financial position over the years;

(b) as CCF was positioned to plug the gaps in the existing system, the CCF Secretariat must liaise with different bureaux and departments with a view to ascertaining whether there was any overlap between CCF assistance programmes and various existing policy initiatives;

(c) the proposed post would be responsible for managing the operation of the CCF Secretariat as well as investment strategies of CCF (including placement of time deposits and coordination of programmes), and such work could not be absorbed by other existing posts in HAB. In addition, the proposed post must liaise with the bureaux and departments concerned in order to draw up suitable modus operandi for the CCF initiatives. For instance, some recent programmes of CCF were launched in cooperation with non-government organizations. Nonetheless, the proposed post would not be involved in the process of approving CCF programmes; and

(d) the Administration would from time to time conduct reviews in order to streamline the establishment and operational procedures of the CCF Secretariat as far as possible, thereby reducing administrative costs. Regarding the division of responsibilities between the two SEOs, one SEO, with the support of one EOI and one EOII, was responsible for CCF's general administrative duties such as organizing consultation sessions, handling enquiries and submissions from the public, while the other SEO, with the support of two EOIs, was responsible for liaison with various policy bureaux and departments to ascertain the implementation progress and effectiveness of the CCF programmes, as well as to collate views on the design of CCF programmes. While noting Mr Jeremy TAM's views, the Administration considered that the workload of the team responsible for general
administrative duties was quite heavy already, such as handling hundreds of submissions and enquiries from the public on a monthly basis.

40. In reply to Mr SHIU Ka-chun's enquiry, USHA said that the CCF Secretariat was under HAB's portfolio.

**Duration of the proposed post**

41. Mr Jeremy TAM asked about the arrangements for previous reviews on the duration of the proposed post. He opined that the Administration might consider converting the proposed post into a permanent post should CCF be operated on a long-term basis. Mr TAM was also concerned about the lack of a standardized practice in setting the duration of time-limited posts.

42. Given that the Administration's proposal was to extend the supernumerary post for five years only, Mr CHU Hoi-dick queried whether it meant CCF might cease operation in a few years' time.

43. USHA advised that when the Principal Assistant Secretary for Home Affairs (Community Care Fund) post was first extended in 2014, the Administration had proposed a duration of three years, having regard to the fact that CCF was still at an initial stage. Having conducted another review, the Administration now proposed to further extend the post for five years, given that CCF had been established for more than six years and was expected to be in operation in the coming five years. Permanent Secretary for Financial Services and the Treasury (Treasury) supplemented that generally speaking, the Administration would propose creation of a supernumerary post for a specific duration according to the operational needs of individual departments if the permanent nature of the duties to be taken up by the proposed post had yet to be established.

**Meeting arrangement**

44. At 6:21 pm, the Chairman advised that as the item had already been discussed thoroughly, he would allow those members who had pressed the "Request to speak" button to indicate their intention to speak before ending the question time. Thereafter, he would put the item to vote.

45. Mr CHAN Chi-chuen said that as far as this item was concerned, members would not object to the Chairman's decision. But he hoped that it would not become a standing practice for the Chairman to end the
question time when most members had only spoken for one to two rounds on an item.

Voting on the item

46. At 6:37 pm, the Chairman put the item to vote. At the request of members, the Chairman ordered a division, and the division bell was rung for five minutes. The Chairman declared that 35 members voted in favour of and 1 member voted against the item, and 5 members abstained from voting. The votes of individual members were as follows:

For:
Mr Tommy CHEUNG Yu-yan  Prof Joseph LEE Kok-long
Mr WONG Ting-kwong    Ms Starry LEE Wai-king
Mr WONG Kwok-kin  Mrs Regina IP LAU Suk-ye
Ms Claudia MO Mr Michael TIEN Puk-sun
Mr Steven HO Chun-yin  Mr Frankie YICK Chi-ming
Mr WU Chi-wai  Mr YIU Si-wing
Mr Charles Peter MOK  Mr CHAN Han-pan
Mr LEUNG Che-cheung  Ms Alice MAK Mei-kuen
Dr Helena WONG Pik-wan  Mr IP Kin-yuen
Dr Elizabeth QUAT  Mr POON Siu-pong
Mr Alvin YEUNG  Mr Andrew WAN Siu-kin
Dr Junius HO Kwan-yiu  Mr HO Kai-ming
Mr LAM Cheuk-ting  Mr Holden CHOW Ho-ding
Mr SHIU Ka-fai  Mr Wilson OR Chong-shing
Ms YUNG Hoi-yan  Mr CHAN Chun-ying
Mr CHEUNG Kwok-kwan  Mr LUK Chung-hung
Mr LAU Kwok-fan  Mr KWONG Chun-yu
Mr Jeremy TAM Man-ho
(35 members)

Against:
Mr SHIU Ka-chun
(1 member)

Abstained:
Mr LEUNG Yiu-chung  Mr CHAN Chi-chuen
Dr Fernando CHEUNG Chiu-hung Mr CHU Hoi-dick
Dr CHENG Chung-tai
(5 members)

47. The Chairman declared that the item was approved.
48. The Chairman said that this item sought FC's approval of the recommendation of ESC made at its meeting held on 6 June 2017, i.e. the recommendation set out in EC(2016-17)29 to create with immediate effect upon approval by FC one supernumerary post of Principal Government Engineer, one supernumerary post of Government Town Planner and two supernumerary posts of Chief Engineer in the new Sustainable Lantau Office ("SLO") in the Civil Engineering and Development Department ("CEDD") up to 31 March 2021 to lead the new SLO; and to re-deploy 3 D3, 5 D2 and 13 D1 directorate posts within CEDD arising from the establishment of SLO and re-organization of the existing Development Offices in CEDD.

Staffing and duties of the Sustainable Lantau Office

49. Mr CHAN Han-pan said that the development of Lantau and Tung Chung had been impeded by the slow scrutiny process of this item. He opined that SLO should be established without any further delay in order to expeditiously address the demand from Tung Chung residents for a light rail system connecting to the Airport Island. He also criticized pan-democratic members for stalling the progress of scrutiny.

50. Ms Claudia MO criticized that while the proposed posts would be responsible for the development of the East Lantau Metropolis ("ELM"), the project was highly controversial, not to mention that the Administration had yet to put forth any proposals to conserve the natural environment and protect the cattle and Chinese white dolphins in the area. She queried that with the establishment proposal, the Administration was trying to create a fait accompli that the ELM project must be proceeded with.

51. Mr LEUNG Yiu-chung said that notwithstanding the Administration's proposal to develop the Lantau Island under the approach of "Development at the North; Conservation for the South", it had yet to put forward any long-term conservation policies and measures in this regard. Taking Tai O as an example, he criticized that the Administration
was only mindful of taking forward development and ignored the demands for conservation from local residents and community groups.

52. Mr Alvin YEUNG said that there was a close relationship between the proposed posts and "Hong Kong 2030+: Towards a Planning Vision and Strategy Transcending 2030" ("Hong Kong 2030+"). Given the Administration's intention to develop artificial islands in the central waters as indicated in Hong Kong 2030+, he asked about the impact on the respective duties of the proposed posts should the Administration suspend the development of artificial islands in the central waters in future.

53. Mr CHAN Chi-chuen said that as the duties of the proposed posts involved both project supervision and promoting conservation, conflicts might arise; for instance, conservation initiatives might result in delays in project implementation, thereby pushing up project costs. He asked how the Administration would ensure that the holders of the proposed posts could give due regard to the two elements when discharging their duties.

54. Permanent Secretary for Development (Works) ("PSDEV(W)") responded that:

(a) the proposed posts were created with the intention of setting up a dedicated team under the new SLO to draw up proposals for the future development of Lantau with equal emphasis on development and conservation. To take forward conservation, the Administration had already established a mechanism for regular exchanges with environmental groups, while $30 million had been earmarked under the Environment and Conservation Fund to support public education and public engagement initiatives on nature conservation in South Lantau. Working as a team, holders of the proposed posts were capable of making professional judgements which balanced the needs of development and conservation. The officers concerned would also take forward various conservation initiatives according to the recommendations set out in the environmental impact assessment reports;

(b) the development of ELM and artificial islands in the central waters were only part of the responsibilities of the proposed posts. Specific details of the above projects had yet to be worked out by the Administration; and

(c) while SLO had yet to be established, the Administration had already commenced the Study on Traffic, Transport and
Capacity to Receive Visitors for Lantau, with a view to addressing local concern about transport problems in the district. The Administration expected that progress of the relevant work could be expedited after the establishment of SLO.

Staffing on nature conservation work

55. Noting that a team of staff with knowledge and experience in nature conservation would be formed in SLO to formulate and take forward conservation initiatives, Mr Alvin YEUNG asked about the size and composition of the team.

56. PSDEV(W) responded that three Forestry Officer posts had been created in SLO with dedicated responsibilities of promoting nature conservation. The Administration would also consider creating more related posts in future. In addition, all staff members of SLO, irrespective of their grades, would work with awareness and determination towards conserving the environment.

57. At 7:09 pm, the Chairman declared the meeting closed.

Legislative Council Secretariat
3 October 2018