

**立法會**  
*Legislative Council*

LC Paper No. FC264/19-20

(These minutes have been  
seen by the Administration)

Ref : FC/1/1(14)

**Finance Committee of the Legislative Council**

**Minutes of the 15<sup>th</sup> meeting  
held at Conference Room 1 of the Legislative Council Complex  
on Friday, 28 February 2020, from 10:00 am to 1:02 pm; and  
from 2:30 pm to 6:59 pm**

**Members present:**

Hon CHAN Kin-por, GBS, JP (Chairman)  
Hon CHAN Chun-ying, 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-ye, GBS, JP  
Hon Paul TSE Wai-chun, JP  
Hon Claudia MO  
Hon Michael TIEN Puk-sun, BBS, JP  
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, BBS, JP  
Hon LEUNG Che-cheung, SBS, MH, JP  
Hon Kenneth LEUNG  
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  
Hon Elizabeth QUAT, BBS, JP  
Hon Martin LIAO Cheung-kong, GBS, JP  
Hon POON Siu-ping, BBS, MH  
Dr Hon CHIANG Lai-wan, SBS, 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, BBS, 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, JP  
Hon SHIU Ka-chun  
Hon Wilson OR Chong-shing, MH  
Hon YUNG Hoi-yan, JP  
Dr Hon Pierre CHAN  
Hon Tanya CHAN  
Hon CHEUNG Kwok-kwan, JP  
Hon LUK Chung-hung, JP  
Hon LAU Kwok-fan, MH  
Hon Kenneth LAU Ip-keung, BBS, MH, JP  
Dr Hon CHENG Chung-tai  
Hon KWONG Chun-yu  
Hon Jeremy TAM Man-ho  
Hon Tony TSE Wai-chuen, BBS  
Hon CHAN Hoi-yan

**Members absent:**

Hon HUI Chi-fung  
Hon Vincent CHENG Wing-shun, MH, JP

**Public officers attending:**

Ms Alice LAU Yim, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Mr Raistlin LAU Chun, 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 Joshua LAW Chi-kong, GBS, JP	Secretary for the Civil Service
Ms Amy WONG Pui-man, JP	Deputy Secretary for the Civil Service (2)
Mr Benjamin MOK Kwan-yu	Principal Assistant Secretary for the Civil Service (Pay and Leave)
Mr WONG Kam-sing, GBS, JP	Secretary for the Environment
Ms Irene YOUNG Bick-kwan, JP	Deputy Secretary for the Environment
Ms Esther WANG Oi-kuen	Principal Assistant Secretary for the Environment (Financial Monitoring)
Dr CHUI Tak-yi, JP	Under Secretary for Food and Health
Mr Amor WONG Yiu-tuen	Principal Assistant Secretary for Food and Health (Food) <sup>3</sup>
Mr FORK Ping-lam	Assistant Director of Food and Environmental Hygiene (Operations) <sup>3</sup>
Mr Peter MA Wai-chung	Assistant Director of Agriculture, Fisheries and Conservation (Agriculture)
Dr Raymond SO Wai-man, BBS, JP	Under Secretary for Transport and Housing
Mr Stephen WONG Wing-hung	Project Director 2, Transport and Housing Bureau
Mr Derek LO Chi-yung	Senior Project Manager 1, Transport and Housing Bureau

**Clerk in attendance:**

Ms Anita SIT	Assistant Secretary General 1
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**Staff in attendance:**

Ms Connie FUNG	Legal Adviser
Ms Angel SHEK	Chief Council Secretary (1)1
Miss Bowie LAM	Council Secretary (1)1
Miss Queenie LAM	Senior Legislative Assistant (1)2
Mr Frankie WOO	Senior Legislative Assistant (1)3
Ms Haley CHEUNG	Legislative Assistant (1)10
Miss Yannes HO	Legislative Assistant (1)7

Action

The Chairman reminded members of the requirements under Rules 83A and 84 of the Rules of Procedure ("RoP").

**Item 1 — FCR(2019-20)33  
2019-20 CIVIL SERVICE PAY ADJUSTMENT**

2. The Chairman advised that the item invited the Finance Committee ("FC") to approve:

- (A) with effect from 1 April 2019, the following adjustments to the civil service pay scales arising from the 2019-2020 civil service pay adjustment:
  - (a) an increase of 4.75% in the dollar value of the pay points in the directorate and upper salary band subject to the pay points referred to in (i) and (ii) below the dollar values of which should be as specified:
    - (i) Master Pay Scale ("MPS") 34 at \$74,515 and MPS 35 at \$75,265; and
    - (ii) General Disciplined Services (Officer) Pay Scale ("GDS(O)") 20 and Police Pay Scale ("PPS") 36 at \$74,390, and GDS(O) 21 and PPS 37 at \$75,135; and
  - (b) an increase of 5.26% in the dollar value of the pay points in the middle and lower salary bands;

- (B) corresponding adjustments to the provisions for aided schools;
- (C) corresponding adjustments to the provisions for the Independent Commission Against Corruption; and
- (D) corresponding adjustments to subventions which were price-adjusted on the basis of formulae that included a factor on civil service pay adjustment.

### Points of order

#### *Request to restart the deliberation on item FCR(2019-20)33*

3. At the start of the meeting, a number of members raised points of order, requesting that FC should restart the deliberation on item FCR(2019-20)33, i.e. the financial proposal in relation to the 2019-2020 civil service pay adjustment.

4. Mr James TO, Mr CHU Hoi-dick, Mr CHAN Chi-chuen, Mr Jeremy TAM, Dr KWOK Ka-ki and Dr Fernando CHEUNG all pointed out that at the FC meeting held on 21 February 2020 to consider item FCR(2019-20)46, i.e. the financial proposal in relation to the establishment of the Anti-epidemic Fund, the Administration had inserted the said item before item FCR(2019-20)33 which was under discussion by the Committee originally and made the said item the only item on the agenda of that day's meeting for consideration by FC. These members held that by doing so, the Administration had effectively withdrawn item FCR(2019-20)33. As such, even though item FCR(2019-20)33 was the first item on the agenda of today's meeting, it only meant that the Administration had resubmitted the same to FC for consideration. The Chairman should therefore allow members to ask afresh rounds of questions on the item.

5. Regarding the adjournment motion moved by Mr HUI Chi-fung under paragraph 39 of the Finance Committee Procedure ("FCP") in relation to item FCR(2019-20)33 that was being dealt with originally at the FC meeting held on 17 January 2020, Mr CHAN Chi-chuen opined that as the Administration had already inserted item FCR(2019-20)46 before item FCR(2019-20)33, discussion on the aforesaid adjournment motion had been curtailed, and it was not necessary for FC to continue handling that motion.

6. Referring to FCP 10 and FCP 11, Mr CHU Hoi-dick and Dr Fernando CHEUNG pointed out that while the Chairman had the power to convene special meetings, it was their understanding that according to FCP 11, if a special meeting was convened to consider financial proposals, such proposals should be those that were not dealt with at the previous meeting and had to be carried over to the next meeting. Mr CHU, Dr CHEUNG, Mr Andrew WAN, Mr CHAN Chi-chuen and Mr Alvin YEUNG further pointed out that according to LC Paper No. FC95/19-20, the meeting convened by the Chairman on 21 February was not a special meeting. Instead, the Chairman merely made "a special meeting arrangement" for the Committee to only consider item FCR(2019-20)46 at that day's meeting, and no other items would be dealt with. They held that it was clear from the aforesaid meeting arrangement that the meeting on 21 February was not a special meeting but a continuation of the regular FC meeting held on 17 January. Hence, when the Administration inserted the new item FCR(2019-20)46 at the meeting on 21 February before deliberation on item FCR(2019-20)33 could be completed, it meant that item FCR(2019-20)33 had been withdrawn by the Administration.

7. Mr CHU Hoi-dick, Mr Andrew WAN and Mr CHAN Chi-chuen were concerned that the Chairman could, by way of making special meeting arrangements, allow the Administration to insert new items seeking priority consideration by FC whilst a particular item was being scrutinized, which effectively meant that FC could hold multiple meetings at one time to scrutinize different items separately. In other words, whilst an original item was being scrutinized at a regular meeting, a new item considered to be more urgent by the Administration could be scrutinized at another meeting held under a "special meeting arrangement".

8. Dr Priscilla LEUNG said that if members belonging to the pro-democracy camp did not agree to hold a meeting on 21 February to consider item FCR(2019-20)46, they should have said so before the meeting was held, instead of expressing their opposition after FC had approved the said item. Expressly stating opposition to restarting the deliberation on item FCR(2019-20)33, she pointed out that members already had sufficient time to discuss the said item, not to mention that members belonging to the pro-democracy camp had been repeating their arguments. She thus called on FC to expeditiously conclude the deliberation on the item and put it to vote.

9. The Chairman responded that the Administration had not withdrawn item FCR(2019-20)33. As the deliberation on the said item could not be completed at the meeting held on 17 January, such deliberation would be continued at today's meeting. Before deciding on the meeting arrangements, he had already discussed the matter with the Legal Adviser ("LA") of the Legislative Council ("LegCo") Secretariat and the Clerk to ensure that the decision concerned was rational, reasonable and lawful. He considered that members had raised the aforesaid questions only because they did not fully understand the relevant provisions in RoP and FCP.

10. Mr Jeremy TAM, Mr Andrew WAN, Mr Alvin YEUNG, Ms Claudia MO and Mr CHAN Chi-chuen further asked which provision in RoP or FCP was the basis of the Chairman's decisions to allow the Administration to insert item FCR(2019-20)46 for priority consideration when FC had yet to complete the deliberation on item FCR(2019-20)33, and to resume, rather than restart, the deliberation on item FCR(2019-20)33 after item FCR(2019-20)46 was approved by FC. These members also requested the attendance of LA for her and the Clerk to answer questions from members.

11. Dr Priscilla LEUNG said that if members belonging to the pro-democracy camp had so many views on RoP or FCP, the matter should be discussed in the context of the Committee on Rules of Procedure. She considered that according to the court's ruling in the case of *Wong Yuk Man v Ng Leung Sing and Tommy Cheung Yu-yan* (HCAL 78/2014), the Chairman absolutely had the discretion to decide on the aforesaid meeting arrangements.

12. At the Chairman's invitation, the Clerk responded to the questions raised by members. The Clerk cited various provisions in RoP and FCP in relation to the Chairman's power to decide on the meeting arrangements. According to RoP 71(6) and FCP 10, the Committee shall meet at the time and the place determined by the Chairman. FCP 10 also provided that at the beginning of each session, the Clerk shall seek the Chairman's agreement to a provisional schedule of dates of Committee meetings for the session and inform members and the Administration accordingly. The Chairman might also decide to convene special meetings to consider urgent items. Meanwhile, FCP 11 provided that any items on the agenda scheduled for discussion but not dealt with at the meeting would be carried over to the next meeting or, if the Chairman decided, to a special meeting. Under FCP 42, the

Chairman, after calling a meeting to order, would normally deal first with the business left over from a previous meeting, if any.

13. The Clerk advised that according to the above provisions in relation to the meeting arrangements, the Chairman had the power to make special meeting arrangements in respect of urgent matters (especially urgent financial proposals), so that such urgent items could be considered by the Committee. The Clerk also invited members to note that the Administration had not withdrawn item FCR(2019-20)33, and neither had FC passed any motion to adjourn the discussion on the item. As such, the said item was still an agenda item to be considered by FC.

14. Regarding Mr CHAN Chi-chuen's enquiry about whether similar meeting arrangements had been made previously, the Clerk advised that in the past, the Administration had inserted other more urgent items for consideration by FC whilst a particular item was being scrutinized. As an example, she said that FC first started to consider item FCR(2015-16)34, i.e. the item on the replacement of the infrastructure platform for the Police Operational Nominal Index Computer System and the Criminal Intelligence Computer System, at the meeting held on 11 December 2015. As the item was unfinished at that meeting, FC should have continued discussion thereon at the next meeting (to be held on 18 December 2015) as the first item on the agenda. But at the Administration's suggestion and with the agreement of the then Chairman, a number of more urgent financial proposals, including item FCR(2015-16)45, i.e. the item on Hong Kong-Zhuhai-Macao Bridge Hong Kong Boundary Crossing Facilities—Reclamation and Superstructures, and item FCR(2015-16)46, i.e. the item on Hong Kong Section of Guangzhou—Shenzhen—Hong Kong Express Rail Link—construction of railway works, had been inserted to the agenda. The Clerk invited members to note that at that time, the Administration had not withdrawn item FCR(2015-16)34, and neither had FC passed any adjournment motion in relation to the item. Subsequently, FC resumed deliberation on the item and passed the same on 22 April 2016.

15. Mr CHU Hoi-dick said that in his view, it was inappropriate for the Chairman to continue chairing the FC meeting to consider item FCR(2019-20)33 as the meeting arrangement made by the Chairman to allow the Administration to insert FCR(2019-20)46 to the agenda for priority consideration by FC whilst item FCR(2019-20)33 was still being scrutinized was unreasonable and in breach of the principle for FC to hold one meeting at one time to consider financial proposals, not to mention the fact that a bad precedent might be set. In this connection, he



proposed a motion seeking FC to express no confidence in the Chairman, Mr CHAN Kin-por. The Chairman suggested that Mr CHU should propose his motion in writing, so that meeting arrangements could be made separately.

*Power of the Finance Committee to adjust the civil service pay scales*

16. Mr CHU Hoi-dick requested LA and the Clerk to respond to the following questions:

- (a) which ordinance or decision was the basis of FC's power to approve the civil service pay scales;
- (b) the binding effect of the voting result of FC on item FCR(2019-20)33 on the Administration; and
- (c) what would be the substantive effect if FC did not approve the said item.

17. Mr HO Kai-ming opined that FC had all along been responsible for considering and approving adjustments to the civil service pay scales, and individual members should not dwell on the relevant issues any further, but instead focus on the discussion on item FCR(2019-20)33.

18. The Chairman said that as a number of members had kept raising points of order, he decided that in order to allow the smooth conduct of the meeting, LA should be invited to attend the meeting and respond to the questions from members. At 10:40 am, LA attended the meeting at the Chairman's invitation.

19. At the Chairman's invitation, Permanent Secretary for Financial Services and the Treasury (Treasury) ("PS(Tsy)") made a response first. She advised that in accordance with the Public Finance Ordinance (Cap. 2) ("PFO"), all expenditures of the Government (including the expenditure on civil service salaries) required LegCo's approval. In each financial year, the Administration would present to LegCo an Appropriation Bill which set out the estimates of expenditure under various heads, including the expenditure on civil service salaries of individual departments. The Administration would seek LegCo's passage of the Appropriation Bill, in order to have the delegated authority to incur the expenditure. For individual heads of expenditure, the Controlling Officer's Report would specify the estimate and establishment ceiling of the relevant department in that particular

financial year. The establishment ceiling, presented as an amount of estimated expenditure, was calculated according to the number of posts in the department's establishment against the approved civil service pay scales. Whenever it was necessary to adjust the civil service pay scales, the Administration must, in accordance with the requirement and established practice, submit a relevant discussion paper to FC to seek its approval for the proposed pay scales. This was an important control exercised by LegCo in its oversight on civil service emoluments. Subject to FC's approval, the new civil service pay scales would be used to calculate the expenditure on civil service salaries for each department. If the proposed pay scales were not approved, the relevant expenditure would be calculated on the basis of the pay scales previously approved by FC. In other words, the Administration must obtain FC's approval before it could adjust the expenditure on civil service salaries.

20. LA advised that the expenditure on civil service salaries was a part of the Government's recurrent expenditure. According to section 5(3) of PFO, the estimates of expenditure shall: (a) classify expenditure under heads and subheads with the ambit of each head described; (b) in respect of each head show the estimated total expenditure, the provision sought in respect of each subhead, the establishment of posts (if any), and the limit (if any) to the commitments which might be entered into in respect of expenditure which was not annually recurrent; and (c) specify the controlling officer designated in respect of each head and subhead under section 12 of PFO. The expenditure on civil service salaries in each financial year would be reflected in the annual estimates.

21. LA further explained that civil service pay adjustment involved changes to the annual estimates of expenditure, and according to section 8 of PFO, FC's approval was required for any changes to the approved estimates of expenditure. In other words, under PFO, FC was vested with the power to approve civil service pay adjustment. Regarding the member's enquiry as to why FC was to approve adjustments to the civil service pay scales, instead of the actual amount of salary adjustments, LA advised that according to her understanding, changes to the estimates of expenditure on civil service salaries must be made through the adjustments to the civil service pay scales. That was why the Administration was seeking to revise the estimates of expenditure on civil service salaries by way of FC's approval of the adjustments to the civil service pay scales.

22. Mr CHU Hoi-dick said that he did not subscribe to LA's views. He considered that adjustments to the civil service pay scales were not the

same as changes to the approved estimates of expenditure and hence, they did not fall under the authority conferred upon FC by section 8 of PFO. He held that under the existing mechanism, only the Chief Executive had the power to adjust the civil service pay scales.

23. LA said that if adjustments to the civil service pay scales involved upward adjustments to the dollar value of each pay point, it would increase the Administration's financial commitment and hence, changes must be made to the approved estimates of expenditure.

24. PS(Tsy) supplemented that if, upon the adjustments of the civil service pay scales, the dollar value of each pay point would increase while the establishment remained unchanged, the expenditure on salaries would definitely increase and exceed the amount specified in the approved estimates of expenditure. Hence, in accordance with section 8 of PFO, the Administration must change the approved estimates of expenditure with FC's approval or under the powers delegated by FC before it could pay the salaries according to the adjusted civil service pay scales.

25. Regarding Mr CHU Hoi-dick's view that civil service pay adjustment should be approved through LegCo's passage of the Supplementary Appropriation Bill, and FC did not have the authority to give such approval, PS(Tsy) explained that as required under section 9 of PFO, the Administration must, after the close of each financial year, present a Supplementary Appropriation Bill to LegCo, setting out a summary of the supplementary provisions approved by FC or the Administration under the powers delegated by FC for giving an overall report to LegCo.

26. At 10:47 am, the Chairman said that since the start of the meeting, the Committee had so far spent almost an hour to discuss the points of order raised by members. Calling on members to stop wasting the meeting time of the Committee, he said that members should continue with the discussion on the adjournment motion proposed by Mr HUI Chi-fung at the meeting held on 17 January.

Continued discussion on the motion to adjourn discussion on item FCR(2019-20)33

27. At 10:47 am, FC continued with the discussion on the adjournment motion.

28. Dr KWOK Ka-ki and Mr KWONG Chun-yu spoke in support of the adjournment motion. They said that since the occurrence of the social incidents in June 2019 arising from the Fugitive Offenders and Mutual Legal Assistance in Criminal Matters Legislation (Amendment) Bill 2019, many members of the public had been gravely dissatisfied with the performance of the Police. However, in the Estimates for the financial year 2020-2021 presented by the Administration, the estimated expenditure of the Hong Kong Police Force ("HKPF") had increased by nearly 25% when compared with the original estimates for 2019-2020, which was an alarming and unreasonable level of increase. They stressed that they had always supported pay rise for other civil servants who were serving the public with dedication, but they would definitely oppose the pay rise for police officers. They also called on the Administration to single out the pay adjustment for police officers from the 2019-2020 civil service pay adjustment for separate deliberation and voting.

29. Dr Priscilla LEUNG, Mr KWOK Wai-keung, Mr Christopher CHEUNG, Mr LUK Chung-hung, Mr Steven HO, Mr SHIU Ka-fai and Ir Dr LO Wai-kwok said that they opposed the adjournment motion. Dr LEUNG, Mr KWOK, Mr CHEUNG and Mr SHIU considered that as the civil service pay adjustment would apply to the entire civil service as well as other related subvented organizations, many people were affected. If members belonging to the pro-democracy camp hindered the passage of the item concerned due to their dissatisfaction with individual police officers, it would be most unfair to those civil servants who remained steadfast in their duties. Meanwhile, Mr LUK considered that given the currently raging novel coronavirus epidemic in Hong Kong, if the item on civil service pay adjustment could not be passed expeditiously, private organizations which used the level of civil service pay as a reference indicator might decide to freeze or even cut the salaries of their employees and hence, further impacting the livelihood of the grassroots.

30. Dr Priscilla LEUNG, Mr LUK Chung-hung and Mr Steven HO said that civil service pay adjustment was unrelated to the performance of civil servants. While they were also dissatisfied with the performance of individual government departments, such as the Education Bureau, the Department of Justice, the Food and Environmental Hygiene Department and Radio Television Hong Kong, they would not, for that reason, request to single out the proposals relating to civil service pay adjustment of those departments for separate deliberation and voting.

31. Mr Christopher CHEUNG said that FC should have begun the scrutiny on item FCR(2019-20)33 in July 2019, but no scheduled meetings could be held as the LegCo Complex was stormed and damaged by protestors on 1 July. Recently, a number of meetings originally scheduled had to be cancelled due to the novel coronavirus epidemic. These, together with the repeated attempts made by members belonging to the pro-democracy camp to stall the meeting progress, had rendered the relevant item yet to be put to vote. Mr CHEUNG, Mr SHIU Ka-fai and Ir Dr LO Wai-kyok all pointed out that FC had a huge backlog of agenda items related to people's livelihood (including public works projects with funding provisions amounting to over \$100 billion) yet to be considered, causing adverse impact on the livelihood of the industries and the people. They called on members belonging to the pro-democracy camp to give priority consideration to people's well-being, set aside their political stance, consider each agenda item objectively and put item FCR(2019-20)33 to vote as soon as possible.

32. Regarding Mr KWONG Chun-yu's view that notwithstanding the raging novel coronavirus epidemic, FC still convened its meetings merely for the sake of passing the pay rise for police officers, the Chairman pointed out that the civil service pay adjustment covered not only the Police Force but the entire civil service. As the relevant item had been discussed by FC for quite some time, it was necessary to complete the deliberation of the item and put it to vote as soon as possible.

33. At 11:09 am, Mr SHIU Ka-fai asked how much time had been spent by FC on the deliberation of item FCR(2019-20)33 since 6 December 2019 to date. The Chairman responded that FC had so far held six meetings, totalling about 24 hours, to discuss the said item.

34. Mr HUI Chi-fung, mover of the adjournment motion, did not speak in reply as he was not present. At 11:15 am, the Chairman put the adjournment motion to vote. At the request of members, the Chairman ordered a division. The motion was [negatived](#).

#### Continued discussion on item FCR(2019-20)33

35. At 11:20 am, FC continued with the discussion on item FCR(2019-20)33.

36. Mr Alvin YEUNG, Mr WU Chi-wai, Ms Claudia MO, Mr Andrew WAN and Mr LEUNG Yiu-chung all expressed dissatisfaction that the Administration had rejected the request from

members belonging to the pro-democracy camp to single out the pay adjustment for police officers from the 2019-2020 civil service pay adjustment for separate deliberation and voting, and that the senior management of the Police Force (including the Commissioner of Police) had not attended the FC meetings to answer questions from members. These members said that such requests, though rational and reasonable, had been rejected by the Administration. As a result, FC must spend much more time to discuss item FCR(2019-20)33, affecting the pay rise for other civil servants outside the Police Force.

37. Mr WU Chi-wai and Ms Tanya CHAN named and criticized the Secretary for Civil Service for he, as the head of the civil service, had failed to perform a leading role effectively, while turning a blind eye to the unprofessionalism on the part of the Police Force. Ms CHAN and Mr Andrew WAN expressly stated their opposition to the pay rise for police officers.

38. Referring to the estimates of expenditure for the 2020-2021 financial year, Mr CHAN Chi-chuen pointed out that the expenditure vote for HKPF was about \$25.8 billion, representing an increase of about 25% from the original estimates (i.e. about \$20.7 billion) for 2019-2020. In addition, the number of non-directorate posts in the Police Force would increase by 2 542. He asked whether the Civil Service Bureau had examined if the aforesaid levels of increase in the estimated expenditure and establishment of the department were reasonable.

39. Mr CHU Hoi-dick and Mr LEUNG Yiu-chung considered it unreasonable for HKPF to substantially increase its estimated expenditure and establishment in the 2020-2021 financial year. Ms Claudia MO enquired about the reasons for the projected increase of 2 542 non-directorate posts in HKPF, and whether there was a manpower drain in the department due to resignation of a large number of police officers.

40. In response, Secretary for Civil Service pointed out that various government departments would request for additional estimated expenditure and manpower according to their operational needs, and full justification must be provided for such requests. He invited members to note that individual heads of departments would attend the special meetings of FC to examine the estimates of expenditure for the 2020-2021 financial year and explain the relevant rationale to members.

Motions proposed by members under paragraph 37A of the Finance Committee Procedure

41. The Chairman advised that a total of eight members had proposed motions under paragraph 37A of FCP ("FCP 37A motions") in relation to item FCR(2019-20)33. Of those FCP 37A motions, except for the one from Dr KWOK Ka-ki which could not be proposed for it was not directly related to the agenda item, the other seven motions were in order and could be proposed.

42. At 11:35 am, FC started to vote on whether the FCP 37A motions proposed by members should be proceeded with forthwith. The Chairman put to vote, one by one, the questions that these FCP 37A motions should be proceeded with forthwith. At the request of members, the Chairman ordered a division on each question. Immediately after the Chairman declared that FC decided against proceeding with the first FCP 37A motion proposed by Mr CHU Hoi-dick, Mr CHAN Hak-kan moved without notice a motion under FCP 47 that in the event of further divisions being claimed in respect of any motions or questions under the same agenda item, FC should proceed with each of such divisions immediately after the division bell had been rung for one minute. At the request of members, the Chairman ordered a division, and the motion was carried.

43. The voting results on the questions on proceeding with the proposed FCP37A motions were as follows:

Members proposing the motions	Serial numbers of motions	Motions be proceeded with forthwith
Mr CHU Hoi-dick	<u>0001</u>	<u>No</u>
Mr Alvin YEUNG	<u>0002</u>	<u>No</u>
Mr Dennis KWOK	<u>0003</u>	<u>No</u>
Ms Tanya CHAN	<u>0004</u>	<u>No</u>
Mr Jeremy TAM	<u>0005</u>	<u>No</u>
Mr CHAN Chi-chuen	<u>0006</u>	<u>No</u>
Dr Fernando CHEUNG	<u>0007</u>	<u>No</u>

Voting on FCR(2019-20)33

44. At 11:56 am, the Chairman put item FCR(2019-20)33 to vote. At the request of members, the Chairman ordered a division. The Chairman declared that 36 members voted in favour of and 19 members voted against the item, and 1 member abstained from voting. The votes of individual members were as follows:

*For:*

Mr Abraham SHEK Lai-him	Mr Tommy CHEUNG Yu-yan
Mr Jeffrey LAM Kin-fung	Mr WONG Ting-kwong
Ms Starry LEE Wai-king	Mr CHAN Hak-kan
Dr Priscilla LEUNG Mei-fun	Mr WONG Kwok-kin
Mrs Regina IP LAU Suk-yee	Mr Paul TSE Wai-chun
Mr Michael TIEN Puk-sun	Mr Steven HO Chun-yin
Mr Frankie YICK Chi-ming	Mr YIU Si-wing
Mr MA Fung-kwok	Mr CHAN Han-pan
Mr LEUNG Che-cheung	Mr KWOK Wai-keung
Mr Christopher CHEUNG Wah-fung	Ms Elizabeth QUAT
Mr Martin LIAO Cheung-kong	Mr POON Siu-ping
Dr CHIANG Lai-wan	Ir Dr LO Wai-kwok
Mr Jimmy NG Wing-ka	Mr HO Kai-ming
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 Kenneth LAU Ip-keung	Ms CHAN Hoi-yan

(36 members)

*Against:*

Mr James TO Kun-sun	Mr LEUNG Yiu-chung
Prof Joseph LEE Kok-long	Ms Claudia MO
Mr WU Chi-wai	Mr Charles Peter MOK
Mr CHAN Chi-chuen	Mr Kenneth LEUNG
Mr Dennis KWOK Wing-hang	Dr Fernando CHEUNG Chiu-hung
Dr Helena WONG Pik-wan	Mr Alvin YEUNG
Mr Andrew WAN Siu-kin	Mr LAM Cheuk-ting
Mr SHIU Ka-chun	Ms Tanya CHAN
Dr CHENG Chung-tai	Mr KWONG Chun-yu
Mr Jeremy TAM Man-ho	



(19 members)

*Abstained:*

Dr Pierre CHAN

(1 member)

45. The Chairman declared that the item was approved.

Disruption of order

46. In the course of voting on item FCR(2019-20)33, a number of members belonging to the pro-democracy camp spoke loudly in their seats, while Mr CHU Hoi-dick and Dr KWOK Ka-ki moved forward to the Chairman's podium and spoke loudly. The Chairman asked the members to return to their seats as soon as possible.

47. At 11:57 am, the Chairman announced that the meeting be suspended. At 12:08 pm, the meeting resumed and the Deputy Chairman took over the chair.

**Item 2 — FCR(2019-20)42  
RECOMMENDATION OF THE PUBLIC WORKS  
SUBCOMMITTEE MADE ON 13 NOVEMBER 2019**

**PWSC(2019-20)15**

**HEAD 704 — DRAINAGE**

**Environmental Protection — Sewerage and sewage treatment**

**408DS — Yuen Long Effluent Polishing Plant**

**272DS — Port Shelter sewerage, stage 2**

**273DS — Port Shelter sewerage, stage 3**

**125DS — Tolo Harbour sewerage of unsewered areas, stage 2**

48. The Deputy Chairman advised that the item sought FC's approval for the recommendation made by the Public Works Subcommittee ("PWSC") at its meeting held on 13 November 2019 vide PWSC(2019-20)15 regarding the following:

- (a) the upgrading of part of 408DS in relation to Yuen Long Effluent Polishing Plant as 439DS, entitled "Yuen Long Effluent Polishing Plant—stage 1" to Category A at an estimated cost of \$6,861.4 million in money-of-the-day ("MOD") prices;

- (b) the upgrading of part of 272DS in relation to Port Shelter sewerage, stage 2 as 431DS, entitled "Port Shelter sewerage, stage 2, package 3", to Category A at an estimated cost of \$515.9 million in MOD prices;
- (c) the upgrading of part of 273DS in relation to Port Shelter sewerage, stage 3 as 432DS, entitled "Port Shelter sewerage, stage 3, package 2", to Category A at an estimated cost of \$668.2 million in MOD prices;
- (d) the upgrading of part of 125DS in relation to Tolo Harbour sewerage of unsewered areas, stage 2 as 430DS, entitled "Tolo Harbour sewerage of unsewered areas, stage 2—phase 2", to Category A at an estimated cost of \$308.1 million in MOD prices; and
- (e) the retention of the remainders of 408DS, 272DS, 273DS and 125DS in Category B.

49. The Deputy Chairman advised that no member had requested that the recommendation be put to vote separately at the FC meeting.

Voting on FCR(2019-20)42

50. At 12:10 pm, the Deputy Chairman put item FCR(2019-20)42 to vote. At the request of members, the Deputy Chairman ordered a division. The Deputy Chairman declared that 37 members voted in favour of and no member voted against the item, and no member abstained from voting. The votes of individual members were as follows:

*For:*

Mr LEUNG Yiu-chung

Prof Joseph LEE Kok-long

Ms Starry LEE Wai-king

Ms Claudia MO

Mr Steven HO Chun-yin

Mr YIU Si-wing

Mr Charles Peter MOK

Mr Kenneth LEUNG

Dr Fernando CHEUNG Chiu-hung

Mr Tommy CHEUNG

Yu-yan

Mr WONG Ting-kwong

Dr Priscilla LEUNG Mei-fun

Mr Michael TIEN Puk-sun

Mr Frankie YICK Chi-ming

Mr MA Fung-kwok

Mr LEUNG Che-cheung

Dr KWOK Ka-ki

Dr Helena WONG Pik-wan

Ms Elizabeth QUAT	Mr POON Siu-ping
Ir Dr LO Wai-kwok	Mr Alvin YEUNG
Mr Andrew WAN Siu-kin	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	Dr Pierre CHAN
Ms Tanya CHAN	Mr LUK Chung-hung
Mr LAU Kwok-fan	Dr CHENG Chung-tai
Mr KWONG Chun-yu	Mr Jeremy TAM Man-ho
Ms CHAN Hoi-yan	
(37 members)	

51. The Deputy Chairman declared that the item was approved.

**Item 3 — FCR(2019-20)43**  
**RECOMMENDATION OF THE PUBLIC WORKS**  
**SUBCOMMITTEE MADE ON 4 DECEMBER 2019**

**PWSC(2019-20)21**

**HEAD 705 — CIVIL ENGINEERING**

**Transport — Ferry Piers**

**51TF — Reconstruction of Pak Kok Pier on Lamma Island**

52. The Deputy Chairman advised that the item sought FC's approval for the recommendation made by PWSC at its meeting held on 4 December 2019 vide PWSC(2019-20)21 regarding the upgrading of 51TF to Category A at an estimated cost of \$72.4 million in MOD prices for the reconstruction of Pak Kok Pier on Lamma Island.

53. The Deputy Chairman advised that no member had requested that the recommendation be put to vote separately at the FC meeting.

Voting on FCR(2019-20)43

54. At 12:17 pm, the Deputy Chairman put item FCR(2019-20)43 to vote. The Deputy Chairman declared that the majority of the members present and voting were in favour of the item. The item was approved.

**Item 4 — FCR(2019-20)44**

**HEAD 137 — GOVERNMENT SECRETARIAT: ENVIRONMENT BUREAU**

**Subhead 700 — General non-recurrent**

**New Item — "Electricity Charges Subsidy Scheme for Non-residential Customers"**

55. The Deputy Chairman advised that the item invited FC to approve a new commitment of \$2,300 million for providing electricity charges subsidy to eligible non-residential electricity accounts over a four-month period. The Environment Bureau had consulted the Panel on Economic Development ("EDEV Panel") on the proposal on 10 December 2019. The EDEV Panel had spent about 1 hour and 8 minutes on the discussion of the proposal.

56. As Mr CHUNG Kwok-pan, Chairman of the EDEV Panel, was not present at that time, the Deputy Chairman briefed members on the outcome of the Panel's discussion. He said that members of the EDEV Panel generally supported the proposal on the Electricity Charges Subsidy Scheme for Non-Residential Customers ("the Scheme") to alleviate the financial burden brought by the economic downturn on small and medium enterprises ("SMEs"). A member considered that instead of providing a one-off subsidy, the Administration should allocate the provisions earmarked for the Scheme to the necessary infrastructure of the power companies, so as to reduce their capital expenditures and the pressure for tariff adjustments in the future. Given that the subsidy under the Scheme was pitched at 75% of the electricity charges payable and capped at \$5,000 per month, some members suggested that for the purpose of giving most benefits to SMEs with lower energy consumption, the Administration should adopt a two-tiered approach in disbursing the electricity charges subsidy on account of actual electricity consumption, i.e. SMEs with lower energy consumption could enjoy a full subsidy for their billed electricity charges while those with higher energy consumption would receive a subsidy to cover 75% of their billed electricity charges.

Persons not covered under the Scheme

*Persons living in subdivided units*

57. Mr SHIU Ka-chun was concerned that the Scheme could not benefit people living in subdivided units ("SDUs") of flats not installed with individual electricity meters, and they were invariably the ones in most need of financial assistance. He enquired about the Administration's progress of installing individual electricity meters for SDUs, as well as the policy in helping SDU households. Mr SHIU also asked whether consideration would be given to engaging social welfare organizations to assist the Administration in verifying the identity of SDU tenants.

58. In response, Secretary for the Environment ("SEN") advised that:

- (a) the target beneficiaries of the Scheme were non-residential electricity accounts; and
- (b) new community care initiatives had been included under the agreements signed between the Administration and the two power companies. The Administration would review the relevant progress in due course to address the society's concerns in this regard.

59. Deputy Secretary for the Environment ("DSEN") supplemented that:

- (a) it would be difficult for the Government to require the power companies to install individual electricity meters for all SDUs, given the physical constraints of the buildings;
- (b) as SDU tenants were not registered customers of the power companies, the Government did not have comprehensive records of SDU households that could help identify and confirm whether specific customers of the power companies were SDU tenants for the purpose of providing assistance; and

- (c) the Chief Executive had already announced that the Transport and Housing Bureau ("THB") would set up a working group to explore viable options for implementing tenancy control on SDUs. It was believed that the findings of the study would help the Administration assess whether further consideration could be given to other proposals for assisting SDU households.

*Non-residential electricity accounts not registered with the power companies as of 4 December 2019*

60. Mr Jeremy TAM, Mr CHAN Chi-chuen, Mr WU Chi-wai and Mr CHU Hoi-dick were concerned that the Scheme could not benefit those non-residential electricity accounts not registered with the power companies as of 4 December 2019. Mr TAM and Mr CHAN sought the reasons for setting 4 December 2019 as the cut-off date for the purpose of defining the target beneficiaries. Mr TAM also called on the Administration to consider adopting 1 March 2020 instead as the cut-off date in the light of the recent rapid deterioration of the business environment in Hong Kong. Mr CHU suggested that even if companies established after 4 December 2019 were not subsidized under the Scheme, the Administration should consider offering subsidies to the said companies in the context of the extended implementation of the Scheme as part of the relief measures announced in the 2020-2021 Budget.

61. DSEN replied that as the Scheme was announced by the Financial Secretary ("FS") on 4 December 2019, coupled with the fact that the Scheme was implemented to provide relief under the then prevailing economic environment, 4 December 2019 was adopted as the date of application. She also pointed out that as it was proposed under the 2020-2021 Budget that the Scheme be extended, the arrangements for the extended scheme would be the same as those for the current Scheme. SEN supplemented that other support measures implemented by the Government as well as the establishment of the Anti-epidemic Fund as announced earlier would cover different target beneficiaries. As such, even if the Scheme might not benefit all enterprises, the Scheme, together with other relief measures, would hopefully cover most of the enterprises. PS(Tsy) supplemented that as paragraph 2 of the discussion paper FCR(2019-20)44 had already pointed out clearly, the specific proposal of

the item was to provide electricity charges subsidy to all non-residential electricity accounts registered with the power companies as of 4 December 2019.

*Non-residential accounts with high energy consumption*

62. In response to the enquiry from Dr Fernando CHEUNG, SEN confirmed that the target beneficiaries of the Scheme did not include bulk tariff or large power tariff customers. DSEN supplemented that as pointed out in the Note on page 1 of the discussion paper FCR(2019-20)44, "non-residential electricity account" was as defined in the power companies' tariff classification, meaning accounts to which "non-residential tariff" applied. She pointed out that accounts to which the "maximum demand tariff", "bulk tariff" or "large power tariff" applied would not benefit from the Scheme.

63. Mr WU Chi-wai pointed out that as bulk tariff or large power tariff customers such as large shopping malls were not the target beneficiaries of the Scheme, and SMEs operating in such shopping malls might not have electricity meters installed, such SMEs could not benefit from the Scheme.

*Electricity accounts after name transfer*

64. Ms Claudia MO enquired whether non-residential electricity accounts registered with the power companies as of 4 December 2019 but subsequently had a name transfer effected could still benefit from the Scheme. DSEN replied that the target beneficiaries of the Scheme were the registered customers of the power companies. If a registered account was closed, the customer concerned would no longer be entitled to the benefit.

Subsidy arrangement

*Subsidy amount*

65. Given the current epidemic situation in Hong Kong, Mr KWONG Chun-yu asked whether the Administration would consider raising the

subsidy amount of the Scheme.

66. In response, SEN advised that the Administration had already proposed in the 2020-2021 Budget that the Scheme be extended for four months, which involved an additional expenditure of about \$2.9 billion.

67. Mr Jeremy TAM asked what actions would be taken by the Administration to handle cases involving deliberate consumption of electricity by the beneficiaries to convert the subsidy under the Scheme into cash, for example, by operating virtual currency mining machines or refuelling their electric vehicles. He pointed out that the commitment sought under the item might not be sufficient to cover the amount of subsidy to be disbursed in case of deliberate consumption of electricity by the beneficiaries. DSEN replied that electricity users might have little incentive to waste energy deliberately under an economic downturn. SEN supplemented that the Scheme was aimed at achieving social benefits. The Administration would consider other alternatives in case the committed funding of \$2,300 million was inadequate.

*Implementation date of the Scheme*

68. Mr SHIU Ka-fai spoke in support of the item and appealed to other members for their support of the item. Mr KWONG Chun-yu and Mr SHIU enquired about the implementation date of the Scheme. In response, SEN advised that the Scheme, subject to funding approval, would be implemented in the following month, i.e. starting from 1 March 2020 at the earliest.

69. Mr Jeremy TAM requested the Administration to clarify whether the Scheme would provide subsidies for the billed electricity charges of electricity customers for February or March 2020 if the Scheme was to be implemented on 1 March 2020. DSEN replied that the beneficiaries of the Scheme would receive subsidies for their electricity consumption from 1 March 2020 onwards.



*Subsidy period*

70. Ms Claudia MO enquired about the reasons for setting four months, instead of other durations, as the subsidy period of the Scheme. She also asked whether the Scheme would be extended for four extra months after the initial four-month period. Mr CHU Hoi-dick raised similar questions.

71. Mr Holden CHOW and Ir Dr LO Wai-kwok spoke in support of the item. Mr CHOW asked whether the Administration would introduce additional support measures for SMEs four months after the implementation of the Scheme. Mr CHOW also suggested that the Administration could make good use of the data of the 430 000 non-residential electricity accounts when planning the next round of relief measures.

72. In response, SEN and PS(Tsy) advised that:

- (a) the Scheme was proposed by the Government in the light of Hong Kong's economic environment in December 2019, and the duration of the Scheme was set at four months back then; and
- (b) as the Government had proposed in the 2020-2021 Budget that the Scheme would be extended for four months, the Scheme, together with its extension, would be implemented for eight months in total.

*Mode of subsidy*

73. Ms Tanya CHAN asked whether any unused portion of the subsidy for a specific month could be carried forward to the following month if the amount of subsidy due to the beneficiaries was less than the monthly subsidy cap. She also suggested that when implementing relief measures in the future, the Administration should allow the use of surplus subsidy accumulated by the beneficiaries and provide information to electricity account holders on the balance of subsidy in their accounts, with a view to encouraging energy conservation. Dr Fernando CHEUNG suggested that electricity users could be allowed to use their

monthly surplus subsidy to purchase energy efficient products, so as to lower the incentive for energy wastage.

74. In response, SEN advised that:

- (a) as the subsidy provided under the Scheme was not a fixed amount but pitched at 75% of the electricity charges payable, there would not be any "balance" of subsidy;
- (b) taken into account the different electricity consumption of the electricity users, the Government had adopted a specific percentage for calculating the monthly subsidy amount under the Scheme; and
- (c) support for enterprises in the procurement of energy efficient products would be provided by the two power companies through their respective community energy saving funds.

75. Mr WU Chi-wai asked whether the Administration would consider granting a full subsidy to electricity users whose electricity charges were less than \$3,000 per month. Dr KWOK Ka-ki pointed out that SMEs, with their level of electricity consumption, could hardly enjoy the full benefits of the Scheme, i.e. \$20,000 in total over four months. SEN replied that given the purpose of the Scheme, it was hoped that electricity users, regardless of their level of power consumption, would shoulder their corresponding obligations and hence, the subsidy was calculated as a percentage of their electricity charges.

76. Mr Steven HO spoke in support of the item. Mr LEUNG Yiu-chung, Mr Tommy CHEUNG, Mr James TO and Mr HO pointed out that given the considerations of operating costs and the business environment, SMEs would not engage in the wasteful use of electricity. Mr LEUNG said that Hong Kong's situation in recent months might have resulted in cash flow shortage of SMEs. He thus enquired whether the Administration would consider removing the 75% subsidy level and the \$5,000 monthly cap under the Scheme to help address the cash flow problems faced by SMEs. Mr TO sought the reasons for not setting the subsidy level of the Scheme at 100%. SEN replied that the purpose of the Scheme was to allow the co-sharing of electricity expenditures by the

Government and SMEs. Given the large total subsidy amount involved, there was a need to set an appropriate subsidy level/cap.

77. Mr Tommy CHEUNG pointed out that businesses in the catering industry were heavy users of electricity, and the proposed electricity charges subsidy could help alleviate their financial pressure. He called on members to support and approve the item as soon as possible.

78. Dr KWOK Ka-ki said that if the beneficiaries could receive the subsidy in advance and be given more time for using the subsidy, it would help encourage energy saving on their part.

#### *Calculation of subsidy amount*

79. In response to the enquiry from Mr Alvin YEUNG, DSEN replied that the subsidy amount of the Scheme was calculated on the basis of the billed electricity charges of users after deducting the rebates/concessions offered by the power companies.

80. Mr Alvin YEUNG pointed out that while different tariffs were charged by the two power companies, the subsidy amount of the Scheme was calculated on the basis of electricity charges payable by users. He asked why no consideration had been given to calculating the subsidy amount on the basis of the units of electricity consumed by users. DSEN replied that the subsidy amount of the Scheme, though not calculated on the basis of the units of electricity consumed by users, had already taken into account the consumption pattern of electricity users. SEN and Principal Assistant Secretary for the Environment (Financial Monitoring) ("PAS(EN)FM") supplemented that while different tariffs might be charged by the two power companies for customers with the same level of electricity consumption, the difference was insignificant. Thus, the billed electricity charges would provide a simple and direct basis for calculating the actual amount of subsidy.

#### *Administrative cost*

81. Ms Claudia MO enquired whether the administrative cost of the Scheme could be absorbed by the administrative cost of the electricity

charges subsidy scheme for residential customers, and whether the administrative cost of the Scheme could be described as "minimal". DSEN replied that the administrative cost of the Scheme could be paid by the Government with resources earmarked in the estimates for meeting its daily expenses. On the other hand, work on the part of the two power companies mainly involved only adjustments to their tariff collection systems for disbursing the electricity charges subsidy, which would only incur a small amount of administrative cost. PS(Tsy) supplemented that the power companies had not charged the Government any administrative cost arising from the electricity charges subsidy scheme for residential customers. As the electricity charges subsidy would be credited to each eligible account on the basis of the actual billed electricity charges for the month, the power companies would not earn any interest therefrom. SEN supplemented that only a small amount of administrative cost would be borne by the Government since the Scheme was relatively simple and direct.

#### Electricity tariff structure

82. Dr Fernando CHEUNG pointed out that commercial users who met the requirements for bulk tariff or large power tariff would have their tariffs calculated on a regressive basis, while the tariffs of residential customers were calculated on a progressive basis. Under such methods for calculating tariffs, commercial users would be encouraged to use more electricity, which was tantamount to shifting the responsibility of energy conservation to residential customers. Dr CHEUNG queried why the Administration had not considered adjusting the electricity tariff structure of the power companies.

83. In response, SEN advised that:

- (a) the target beneficiaries of the Scheme were accounts to which non-residential tariff applied and thus, bulk tariff customers would not benefit under the Scheme;
- (b) the target beneficiaries of the Scheme also included non-governmental organizations and social welfare organizations;

- (c) the responsibility of efficient use of electricity by electricity users could be ensured by pitching the subsidy at 75% of the billed electricity charges;
- (d) it was the Government's environmental protection policy to encourage energy conservation by enterprises in various sectors; and
- (e) given the different operating conditions of businesses, relatively fewer places would impose a progressive electricity tariff structure on the bulk tariff or large power tariff classes in the commercial and industrial sector .

84. Mr Kenneth LEUNG enquired whether the Administration would consider providing SMEs with a certain level of free basic electricity in the future. SEN replied that under the Scheme, customers who paid electricity charges up to \$6,700 a month could get a full subsidy (i.e. 75% of the billed electricity charges), which already covered close to 90% of the two power companies' non-residential account holders.

#### Arrangement for funding approval

85. Regarding the Scheme and the Administration's proposal in the 2020-2021 Budget to extend the Scheme for four months, Mr CHU Hoi-dick enquired about the arrangement for approving the relevant funding application. He also asked whether there was a need for the Administration to seek additional provisions for the item prior to the approval of the 2020-2021 Budget.

86. In response, PS(Tsy) advised that:

- (a) the item sought FC's approval of a one-off commitment for the Scheme;
- (b) as specified under the item "Electricity Charges Subsidy Scheme for Non-residential Customers" under the subhead "General non-recurrent" in the expenditure head of the "Environment Bureau" in the Appropriation Bill already introduced into LegCo, the additional commitment required for the four-month extension of the Scheme was predicated upon funding approval for the present item;

- (c) the quickest way to extend the Scheme for four months was through the passage of the 2020-2021 Budget; and
- (d) generally speaking, if there was a need for the Government to revise the amount of operating expenditures set out in the Appropriation Bill during the financial year, it could exercise the authority delegated by FC to approve supplementary provision for the purpose, but if the amount exceeded the limit of delegated authority, it would have to seek approval from FC for the supplementary provision. Ultimately, all supplementary provisions, regardless of whether the approval was given under delegated authority or by FC, must be accounted for in the Supplementary Appropriation Bill.

Data on average monthly consumption of non-residential electricity accounts

87. Mr WU Chi-wai enquired about the median value of the average monthly electricity consumption by non-residential electricity accounts. DSEN replied that according to estimates made on the basis of past electricity consumption data, close to 90% of the two power companies' non-residential account holders could get a full 75% subsidy.

88. Mr CHU Hoi-dick requested the Administration to provide a comparison between the electricity consumption of the two power companies' non-residential customers from June 2019 to date and that over the same period in the previous year, so that members could evaluate the likely impact of the electricity charges subsidy measure and other special circumstances (e.g. the recent outbreak of 2019 coronavirus disease epidemic) on the electricity consumption of non-residential customers.

*[Post-meeting note: The supplementary information provided by the Administration was issued to members vide LC Paper No. FC127/19-20(01) on 13 March 2020.]*

89. Mr Jeremy TAM was concerned whether the provision of \$2,300 million sought under the item was sufficient to subsidize 430 000

non-residential electricity account holders. He sought information from the Administration about:

- (a) the period covered by the so-called past electricity consumption data;
- (b) whether the high energy consumption of users during the summer season had been reflected in the past electricity consumption data; and
- (c) whether energy consumption by large shopping malls or large bleaching and dyeing factories had been reflected in the past electricity consumption data; and if so, the Administration might have overestimated the average monthly consumption of the non-residential electricity accounts.

90. In response, PAS(EN)FM advised that:

- (a) when formulating the Scheme, reference had been made to the electricity consumption data of accounts to which "non-residential tariff" applied from January to September 2019; and
- (b) electricity consumption during the summer season had already been reflected in the said data.

91. DSEN supplemented that electricity users could benefit from the Scheme so long as their electricity charges were calculated according to the "non-residential tariff". SEN supplemented that, in simple terms, a mega shopping mall which did not belong to the tariff charging category of non-residential electricity account was not the target beneficiary of the Scheme, while a small shopping centre might be within the scope of the Scheme.

*Historical data about the fixed cost, step fixed cost and variable cost of energy consumption by SMEs*

92. Mr Kenneth LEUNG asked whether the Administration had any historical data about the fixed cost, step fixed cost and variable cost of

energy consumption by SMEs. SEN replied that given the extensive coverage of SMEs and the great number of trades and industries involved, it was difficult for the Government to give a categorical reply.

### Other support measures

#### *Measures taken by the Administration*

93. In view of the current epidemic situation in Hong Kong, Mr KWONG Chun-yu asked whether other relief measures would be put in place by the Administration to lift Hong Kong out of the dire straits. Mr Holden CHOW raised a similar question.

94. In response, SEN advised that:

- (a) the Government had proposed in the 2020-2021 Budget various initiatives such as a waiver of water and sewage charges and the provision of rental subsidy or concession to local recycling enterprises; and
- (b) the Government had earlier announced the establishment of the Anti-epidemic Fund through which assistance would be provided to enterprises and members of the public.

95. Regarding the initiatives announced in the 2020-2021 Budget on promoting the use of electric vehicles, the recycling of waste paper and glass bottles, as well as sewage treatment, Dr Junius HO enquired how the Administration would step up efforts in pushing forward the above items. SEN replied that the Administration would formulate and review from time to time specific action blueprints for such initiatives, with a view to promoting environmental protection.

#### *Measures taken by the power companies*

96. Given the deficit budget of the Government and the huge surpluses of the two power companies, Mr LUK Chung-hung enquired how the Administration could motivate the two power companies to help Hong Kong ride out the difficult times.



97. In response, DSEN advised that:

- (a) the Government had requested the two power companies to implement assistance measures for SMEs as far as possible. The two power companies had indicated willingness to launch additional special support measures for SME customers, which included a six-month grace period for tariff increase and the provision of subsidy or additional subsidy to commercial users for the replacement or installation of energy efficient electrical equipment;
- (b) the two power companies had also distributed to needy families cash coupons that could be used at designated restaurants; and
- (c) the expenditures involved in the aforesaid support measures implemented by The Hongkong Electric Company Limited and CLP Power Hong Kong Limited were \$38 million and \$185 million respectively, which were mainly funded by their respective community energy saving funds. Moreover, the two power companies would also fund the support measures through income earned by the shareholders.

98. Mr Kenneth LEUNG sought information about the measures taken by the Administration to assist SMEs in saving energy.

99. In response, DSEN advised that:

- (a) as tariff was calculated on the basis of electricity consumption, electricity charges per se were already an incentive for reducing power consumption;
- (b) the power companies had provided rebates of electricity charges to low consumption customers (including those of non-residential electricity accounts); and
- (c) the community energy saving funds of the power companies would provide subsidies to customers in upgrading their energy saving equipment, which included

subsidies provided to business operators to replace or procure electric equipment with higher energy efficiency.

Other matters

100. Dr KWOK Ka-ki asked whether SEN would, by drawing reference from the practice of Singapore's Cabinet ministers taking a one-month salary cut, donate one-month salary to anti-epidemic personnel or individuals hard hit by the epidemic. Ms Claudia MO asked whether SEN would take a one-month salary cut or step down from office. The Chairman considered that Dr KWOK's question was irrelevant to the item. SEN shared the Chairman's view. He also indicated that he would not respond to Ms MO's question.

101. At 1:02 pm, the Deputy Chairman declared that the meeting be suspended. The meeting resumed at 2:30 pm. The Chairman took the chair.

Voting on FCR(2019-20)44

102. At 4:25 pm, the Chairman put item FCR(2019-20)44 to vote. The Chairman declared that the majority of the members present and voting were in favour of the item. The item was approved.

103. At 4:25 pm, the Chairman directed that the meeting be suspended. The meeting resumed at 4:35 pm. The Deputy Chairman took the chair.

**Item 5 — FCR(2019-20)34**

**HEAD 22 — AGRICULTURE, FISHERIES AND CONSERVATION  
DEPARTMENT**

**Subhead 700 — General non-recurrent**

**New Item — "Financial Commitment for Culling of Pigs due to  
African Swine Fever"**

104. The Deputy Chairman advised that the item sought FC's approval to create a new commitment of \$333 million for providing statutory compensation and ex-gratia payments to affected pig owners on a timely

basis in case of culling operations due to African Swine Fever ("ASF"). The Food and Health Bureau ("FHB") had consulted the Panel on Food Safety and Environment Hygiene ("FSEH Panel") on the relevant proposal on 11 June 2019. The FSEH Panel had spent about 1 hour and 7 minutes on the discussion of the proposal.

105. At the Deputy Chairman's invitation, Mr Tommy CHEUNG, Chairman of the FSEH Panel, briefed members on the outcome of the Panel's discussion. Mr CHEUNG said that at its meeting held on 11 June 2019, the FSEH Panel discussed the Government's follow-up work in the light of ASF infection in live pigs in Hong Kong, including the proposal to create a financial commitment of \$333 million to provide funding for the statutory compensation and ex-gratia payments for the culling operations conducted and to prepare for future culling operation(s) in the event that pigs in local farms had to be culled due to infection of ASF. Except one member (Dr Helena WONG) who had reservation about the funding proposal, the majority of members were in support of the Administration's proposal. Mr CHEUNG pointed out that some members were of the view that the authorities should extend the compensation to cover other stakeholders in the supply chain of live pigs/fresh pork (e.g. fresh meat retailers), since they also suffered loss as a result of the suspension of supply of live pigs in Hong Kong. Those members suggested that consideration could be given to reducing or waiving the rent of meat stalls selling fresh pork in public markets, as well as reducing or waiving the relevant licence fee for fresh provision shops. According to the Administration, taking into account the recent two culling operations, it was proposed that pig owners be compensated for their direct economic loss calculated on the basis of the market value of the pigs culled in accordance with the pig type.

106. Mr Tommy CHEUNG spoke in support of the item. Regarding the suggestions made by some members of the FSEH Panel, he said he believed that the Financial Secretary would implement measures in due course to help the tenants of public market stalls selling fresh pork. Mr CHEUNG added that under the Anti-epidemic Fund established by the Administration earlier, a subsidy was provided to licence holders of fresh provision shops, which could be used towards the payment of licence fees.

Follow-up work due to African Swine Fever

107. Mr Andrew WAN, Mr Steven HO, Dr Helena WONG and Dr Fernando CHEUNG were concerned about how the Administration could prevent the recurrence of ASF in Hong Kong. Mr WAN enquired about the details of the Administration's inspections to pig farms in the Mainland, and whether the Administration had the power to require pig farms in the Mainland to rectify their irregularities. Mr HO enquired about the Administration's monitoring on the disinfection procedures implemented in the slaughterhouses. Dr WONG asked whether random testing had been conducted for ASF infection in pork found in the slaughterhouses and sold in the market.

108. In response, Under Secretary for Food and Health ("USFH") advised that:

- (a) the Mainland authorities exercised stringent control over Mainland live pigs supplied to Hong Kong. Pigs showing abnormality at any stage would not be supplied to Hong Kong. Monitoring and inspection would also be conducted when Mainland live pigs were delivered to the Qingshuihe transfer house located in Shenzhen;
- (b) veterinary officers would conduct inspection on the health conditions of Mainland live pigs delivered to the Man Kam To Control Point;
- (c) pigs infected with ASF could first be screened for clinical symptoms that could be detected visually, and it was not necessary to conduct additional tests (including additional tests in the slaughterhouses) on the pigs. Moreover, as no food safety risk would be posed by ASF, there was no need for the Government to conduct testing on pork sold in the market for ASF. However, in case of abnormal death of pigs, the Administration would conduct testing for suspected cases identified after screening; and
- (d) each year, the Centre for Food Safety ("CFS") of the Food and Environmental Health Department ("FEHD") would visit registered farms on the Mainland to inspect the

Mainland authorities' monitoring over the operation of pig farms, as well as their disease control mechanism.

109. Assistant Director of Food and Environmental Hygiene (Operations)<sup>3</sup> ("AD/FEH(O)3") supplemented that pig conveying vehicles must drive through disinfectant pools before entering the slaughterhouses. Moreover, high-pressure water guns and antiseptics would be used to carry out cleansing work in the slaughterhouses. The relevant processes would be monitored and documented. Assistant Director of Agriculture, Fisheries and Conservation (Agriculture) ("AD/AFC(A)") added that the Administration and veterinary surgeons of the City University of Hong Kong ("CityU") would help cultivate the pig rearing industry's awareness of disease prevention and ensure the implementation of proper biosecurity measures in the pig farms.

110. Mr Alvin YEUNG enquired about the latest development of ASF since June 2019. USFH replied that there was an ASF case in September 2019. At the second meeting of the standing group of experts on ASF organized by the World Organisation for Animal Health and the Food and Agriculture Organization of the United Nations in July 2019, the attending experts regarded that each region should take its own unique situation into consideration to formulate practical and effective measures and policies. Given such a view, together with the implementation of the daily clearance arrangement in the local slaughterhouses (i.e. all live pigs entering the slaughterhouses would be slaughtered within 24 hours, and lairages in different areas of the slaughterhouses would be cleared for cleansing and disinfection on a daily basis), the operation of the slaughterhouse had not been affected, and no mass culling of other pigs was necessary. Thus, no compensation arrangement had been made for the said case.

111. Mr Alvin YEUNG asked whether the Administration had thoroughly reviewed the reasons for the earlier ASF outbreak. USFH replied that after the ASF outbreak, the Mainland authorities had already rigorously reviewed the operations of the Mainland farms. The Government had also reviewed the supply flow of live pigs from the Mainland. Since the latter half of 2018, the Administration had been strengthening its monitoring through licence management and feed management of local farms, such as by banning the use of swill of animal

origin as pig feed and helping local farms implement biosecurity measures.

112. Dr Helena WONG sought information about the development of ASF outbreak in the Mainland. USFH replied that from August 2018 to December 2019, the Mainland authorities had received reports for 162 ASF cases, and about 1.2 million live pigs had been culled. However, the Administration had yet to receive the latest ASF-related data in the Mainland.

113. Mr WU Chi-wai enquired about the following:

- (a) whether the Administration would consider segregating live pigs raised at local pig farms from those imported from the Mainland and sending live pigs of different sources to different slaughterhouses for slaughtering (i.e. slaughtering local pigs at Tsuen Wan Slaughterhouse ("TWSH") and imported pigs at Sheung Shui Slaughterhouse ("SSSH")); and
- (b) the respective daily figures of live pigs handled by local slaughterhouses that were raised at local pig farms and imported from the Mainland.

114. In response, USFH advised that:

- (a) the daily clearance arrangement was the most effective measure in preventing ASF. Furthermore, the operators of the slaughterhouses must take into account their own considerations about the segregation arrangement (such as the differences in the operation and delivery arrangements of the two slaughterhouses) before live pigs of different sources could be sent to different slaughterhouses for slaughtering; and
- (b) at present, about 300 to 400 live pigs from local farms and about 1 500 live pigs from the Mainland were handled by local slaughterhouses each day.

115. AD/FEH(O)3 supplemented that:

- (a) before the ASF outbreak, about 4 000 pigs were slaughtered in SSSH each day, while about 400 to 500 pigs were slaughtered in TWSH each day;
- (b) after the ASF outbreak, about 1 400 to 1 500 pigs were slaughtered in SSSH each day, while about 300 pigs were slaughtered in TWSH each day; and
- (b) while the Government had discussed the arrangement of segregating live pigs raised at local pig farms from those imported from the Mainland with the trade, they had reservation about the segregation arrangement, mainly due to various commercial considerations such as the costs, delivery time, transportation, etc.

Amount of commitment

*Earmarked provision*

116. Dr Helena WONG pointed out that since the ASF case in May 2019, the daily clearance arrangement had been implemented in local slaughterhouses. Given the daily clearance arrangement, she queried whether it was necessary for the Administration to seek earmarked provision for providing compensation to the persons concerned. Ms Claudia MO asked whether the earmarked provision would be put aside unused if there was no need for the Administration to conduct culling operations due to ASF in future. USFH replied that the earmarked provision was set aside for the purpose of providing statutory compensation and ex-gratia payments to pig owners affected by culling operations as soon as possible in case all or part of local pigs and pigs to be slaughtered in slaughterhouses had to be culled due to infection of ASF in future. The earmarked provision would be put aside unused if there was no need for the Administration to conduct culling operations due to ASF in future.

117. The Deputy Chairman asked whether the earmarked provision under the item could help expedite the compensation process in future.

USFH replied in the affirmative.

*Statutory compensation and ex-gratia payments*

118. Mr Steven HO pointed out that the amount of statutory compensation stipulated under the Public Health (Animals and Birds) Ordinance (Cap. 139) was outdated as ex-gratia payments should only be provided to cover the slight difference between the statutory limit of compensation and the market value of the pigs, rather than making up a major part of the total amount of compensation. He called on the Administration to review the relevant legislation. Mr CHU Hoi-dick made a similar suggestion. Mr CHU pointed out that under the item, the amount of ex-gratia payments was calculated taking the average of the prices recorded on the three days prior to the day of detection of ASF case. He asked whether the said formula would be adopted as the mechanism of calculating the amount of ex-gratia payments in future and whether the public was aware of the aforesaid mechanism. USFH replied that in order to compensate the loss of the trade, the Government might have to use different means under the system. While appealing members' support for the item, he added that it was the Government's hope to reflect the market value of the pigs through the statutory compensation and ex-gratia payments, so as to provide sufficient compensation to the persons concerned. USFH also said that similar incidents in the past were also handled according to the established practice of providing statutory compensation and ex-gratia payments, which was accepted by the affected pig owners.

119. Mr CHU Hoi-dick sought the reasons for not paying out statutory compensation under the item first out of provisions under the expenditure head of AFCD in the existing Government accounts. USFH replied that while it could be technically feasible to pay out the compensation from the existing Government accounts, the amount concerned only accounted for a small portion and hence, the arrangement to pay statutory compensation and ex-gratia payments in one go was proposed under the item.

120. Mr SHIU Ka-fai asked whether compensation under the item covered interests paid to pig owners for delayed payment of



compensation, as well as the loss suffered by pork cutters who were out of work as a result of the culling operations due to ASF. He also asked whether discussions had been held with the trade on how the compensation was calculated. USFH replied that the item did not cover interests paid for delayed payment of compensation. For persons involved in the pork supply chain who were affected by ASF, the Administration would also waive or reduce their rentals, licence fees, etc., through various support measures. He also said that discussions had been held by the Administration with the trade on how the compensation was calculated.

### Sources of live pig supply

121. Mr Andrew WAN sought the numbers of registered pig farms on the Mainland for supply to Hong Kong ("registered Mainland pig farms") that were still supplying live pigs to Hong Kong and those which had been removed from the list of registered pig farms in the past year.

122. Dr Helena WONG asked whether registered Mainland pig farms with ASF infection cases had ceased to supply live pigs to Hong Kong, and how long the suspension period was. She also asked whether surprise visits to the registered Mainland pig farms had been conducted by the Administration to ensure that those farms were rearing pigs according to the requirements of the state.

123. In response, USFH advised that:

- (a) at present, there were 123 registered Mainland pig farms, of which about 30 were supplying live pigs to Hong Kong on a regular basis. As a result of the three ASF cases in Hong Kong in May and September 2019, three registered Mainland pig farms were no longer supplying live pigs to Hong Kong; and
- (b) staff of CFS would visit registered Mainland pig farms regularly to inspect their disease control, feed, control over the administration of drugs, biosecurity measures, etc.

124. Mr Andrew WAN enquired about the progress of the Administration's study on the feasibility of importing live pigs from places like countries in South East Asia, South Korea, etc. Dr Helena WONG asked a similar question. In response, USFH advised that while visits had been conducted by the Administration to study the importation of live pigs from other places, issues such as regulatory control imposed by the exporting countries and shipment were involved. AD/AFC(A) supplemented that delegations had been sent to visit Singapore and Malaysia, and the Government learnt that stringent regulatory control was imposed by both countries regarding the shipment of live pigs. The Government had already provided the relevant information to the trade, and the trade would need to assess whether it was still profitable to transport live pigs from those places to Hong Kong if they were to follow the import and export operations mandated by the local authorities. At present, the Government was still waiting for information to be furnished by the trade.

#### Other matters

##### *Insurance for the agricultural industry*

125. Mr Steven HO pointed out that providing compensation to pig owners affected by the culling operations was not a long-term solution. He called on the Administration to establish an agricultural insurance fund, so that farmers could take out insurance policies according to their own affordability. Mr Holden CHOW made a similar suggestion. USFH replied that farmers could improve biosecurity measures in their farms through funding support provided by the Sustainable Agricultural Development Fund ("SADF"), while assistance would also be provided to the affected farmers through statutory compensation and ex-gratia payments under the item.

##### *Meat falsely sold as fresh pork*

126. Mr Steven HO pointed out that given the substantially reduced supply of live pigs from the Mainland, a large amount of meat was falsely sold in the market as fresh pork by unscrupulous traders for profits. He enquired about the enforcement actions taken by the Administration

against the sale of meat falsely as fresh pork. AD/FEH(O)3 replied that FSEH had always maintained close liaison with the Customs and Excise Department, and joint actions would be taken to deal with such irregularities. If the case was substantiated by evidence, the licence of the relevant fresh provision shop would be revoked.

*Dealing with other pig infections*

127. Mr WU Chi-wai asked whether it would not be possible for the Administration to handle other pig infections in future by using the same approach in the handling of ASF. USFH replied that while ASF was a highly contagious disease, no new ASF case was found in Hong Kong since September 2019 after more stringent monitoring and control measures had been implemented by the Administration. It was clear that the current approach of handling ASF could be effective in dealing with highly contagious diseases in pigs.

*Promoting local pig rearing industry*

128. Dr Fernando CHEUNG asked whether it was the Administration's policy to promote and support the development of local pig rearing industry. Dr Helena WONG asked a similar question. USFH replied that given Hong Kong's urbanization and the associated environmental pollution problems, the Voluntary Surrender Scheme for Pig Farm Licences, together with the offer of ex-gratia payments, was introduced by the Government in 2006. As such, no new pig farm licence had been issued since then. AD/AFC(A) supplemented that the Government had all along supported the sustainable development of the local poultry and livestock rearing industry. As such, \$30 million had already been approved under SADF for the College of Veterinary Medicine and Life Sciences of CityU to provide veterinary services to the local pig rearing and chicken rearing industries, which included reviewing the measures for improving the health of local poultry and livestock, the productivity of farms, biosecurity measures, etc. Separately, \$5 million had been allocated to the Hong Kong Productivity Council for promoting and demonstrating to the pig rearing industry the use of environmentally friendly and automatic wastewater treatment technologies. Apart from initiatives under SADF, AFCD had also provided low interest loans to the

local poultry and livestock rearing industry, so as to meet their operational and business development needs.

Voting on FCR(2019-20)34

129. At 6:16 pm, the Deputy Chairman put item FCR(2019-20)34 to vote. The Deputy Chairman declared that the majority of the members present and voting were in favour of the item. The item was approved.

**Item 6 — FCR(2019-20)45**

**HEAD 62 — HOUSING DEPARTMENT**

**Subhead 700 — General non-recurrent**

**New Item — "Funding Scheme to Support Transitional Housing Projects by Non-government Organisations"**

130. The Deputy Chairman advised that the item invited FC to approve a new non-recurrent commitment of \$5 billion for the implementation of a funding scheme to support transitional housing projects by non-government organizations ("NGOs"). THB had consulted the Panel on Housing ("HG Panel") on the funding proposal on 4 November 2019.

131. At the invitation of the Deputy Chairman, Mr Wilson OR, Chairman of the HG Panel, briefed members on the Panel's deliberations on the funding proposal at its meeting held on 4 November 2019. He said that the HG Panel supported the item and passed four motions requesting the Government to, respectively, cap the rent of transitional housing units, resolve the pressure on community infrastructure and services brought about by transitional housing through inter-departmental working groups, urge statutory bodies with experience in housing construction to participate in the planning for the construction of transitional housing, and reserve some social housing units for use as interim housing. At the meeting, views had been expressed on various issues, including the role of the Administration in the implementation of transitional housing projects, rent levels and operation details of transitional housing projects, use of the approved funding under the proposed funding scheme, and handling arrangements of sites lent by developers after expiry of the term of the relevant transitional housing

projects. The supplementary information provided by the Administration after the meeting and its response to the motions passed by the HG Panel were issued to the Panel vide LC Paper No. CB(1)235/19-20(01).

### Supply of transitional housing

132. Regarding the Administration's advocated approach of implementing transitional housing projects "through multi-partite collaboration and striving to get every bit of land", Mr Wilson OR was concerned whether the Government's role would be too passive. He enquired whether the Government would consider undertaking the responsibility of constructing transitional housing. Under Secretary for Transport and Housing ("USTH") advised that at present, the Hong Kong Housing Authority ("HA") would need to focus its resources on the construction of public housing, and no manpower could be spared for the development of transitional housing. Meanwhile, the Hong Kong Housing Society and the Urban Renewal Authority would provide professional and technical advice for the transitional housing projects.

133. Mr Andrew WAN was concerned about the slow progress in the provision of transitional housing. Given the difficulties involved in developing some of the sites lent by developers due to their ecological values or other disputes, while the Hong Kong Council of Social Service ("HKCSS") had reportedly handed over prefabricated components originally earmarked to construct transitional housing using the Modular Integrated Construction ("MiC") method to the Government for the construction of temporary quarantine facilities, he queried whether the Administration's target of providing a total of 15 000 transitional housing units within the next three years could be achieved in a timely manner. Mr LEUNG Che-cheung said that the Administration's transitional housing policy had been introduced for almost three years with hardly any achievement. He queried whether the Administration had sufficient drive to execute and achieve the aforesaid target. Mr Tony TSE hoped that the Administration could be more proactive in increasing the supply of transitional housing. He was also concerned whether the Administration would convert the temporary quarantine facilities at Penny's Bay into transitional housing after the epidemic subsided.

Mr Tony TSE and Mr Andrew WAN also enquired whether the site reserved for the Phase 2 development of the Hong Kong Disneyland ("Phase 2 site") would be used for the provision of transitional housing.

134. In response, USTH pointed out that according to the latest figure announced by the Government, the supply of transitional housing would reach 10 268 units. While the authorities were confident that at least 10 000 transitional housing units would be provided within the next three years, the supply of the additional 5 000 units was still subject to various uncertainties. Apart from factors such as the actual circumstances of individual sites and the uncertainty as to whether some non-residential sites in the rural areas could obtain approval from the Town Planning Board ("TPB") for use as transitional housing in accordance with the established procedures, any changes in the demand of applicants on the Waiting List ("WL") for public rental housing ("PRH") in respect of flat sizes would also affect the building plans of transitional housing projects as well as the number of units to be produced. The Government would follow up on the implementation of the relevant plans. Given that some developers had already indicated that they would consider extending the lending or rental period of sites for use by transitional housing projects, it was believed that such a move could facilitate the achievement of the supply target of transitional housing units within the next three years. The Government would, having regard to the actual prevailing circumstances and the findings of the feasibility studies, assess whether individual sites were suitable for transitional housing development. While The Walt Disney Company had agreed to explore the use of the Phase 2 site for constructing quarantine facilities, the said site could not be used for the construction of transitional housing due to contractual arrangements made in early years. USTH clarified that while there was a delay in the supply of prefabricated components due to the epidemic in the Mainland, the authorities had not requisitioned any prefabricated components for MiC from HKCSS for the purpose of quarantine facilities.

135. Mr SHIU Ka-chun referred to a motion passed by the Subcommittee to Follow Up Issues Related to Inadequate Housing and Relevant Housing Policies ("the Subcommittee") at its meeting held on 7 December 2019, in which the Subcommittee strongly requested the

Government to put forward a specific implementation proposal within this financial year to address the problems of inadequate housing in Hong Kong, including the inadequate provision of transitional housing. He enquired about the Administration's progress in following up the problem of "inadequate provision of transitional housing".

136. In response, USTH advised that as announced by the Government in January 2020, the supply target of transitional housing would be further increased from 10 000 units to 15 000 units within the next three years, while around 2 000 transitional housing units would be provided on a number of currently vacant "Government, Institution or Community" sites. The Government would follow up on the implementation of the relevant measures. In the long run, the problem could only be resolved by increasing the supply of PRH. Furthermore, THB had announced that a task force would be established to study the implementation of and feasible options on tenancy control of SDUs. The study was expected to be completed within the first half of 2021.

137. Dr Fernando CHEUNG was concerned whether the developers would take advantage of the transitional housing policy for profiteering, whereby they would first lend their idle land and sites rejected for rezoning for residential use due to various reasons to NGOs and then resume the same for further development in a few years' time after the land/sites had undergone initial development or obtained approval for rezoning for residential use to implement the time-limited transitional housing projects. He queried whether there was any suspected transfer of benefits between the Government and the developers.

138. In response, USTH pointed out that transitional housing projects to be taken forward on land sites lent by the developers must also comply with the relevant requirements and statutory town plans. If warranted, applications for planning permission in relation to such projects must also be submitted in accordance with the law, together with information such as technical assessments on the traffic, environmental and ecological impacts, to TPB for approval. USTH stressed that the developers were required to complete the advance works such as preliminary site formation works at their own expenses before lending out the land, and no subsidy for such works would be provided by the Government. If the

developers intended to change the land use for the relevant sites upon completion of the transitional housing projects, they must submit new applications for planning permission. No lenient treatment would be given just because the sites concerned had been used previously for transitional housing projects.

#### Details of the proposed funding scheme

139. Mr Tony TSE expressed concern about the adequacy of the subsidy which was capped at \$200,000 for each transitional housing unit for projects situated in vacant residential buildings. USTH replied that the funding ceilings under the proposed funding scheme for each transitional housing unit were respectively \$200,000 (for projects to provide units in vacant residential buildings) and \$550,000 (for projects to provide units through erection of temporary structure on vacant land and in non-residential buildings). When setting the aforesaid funding ceilings, reference had already been made to the basic costs for refurbishing an ordinary residential flat, as well as the average cost for the construction of PRH units. The Administration considered that the currently proposed funding ceilings were pitched at a reasonable level.

140. Mr Holden CHOW was concerned that resources might be wasted if the operation period for transitional housing projects was set at three years. He enquired whether such projects would be allowed to operate for more than three years. USTH advised that the transitional housing projects would normally be in service for not less than three years. Meanwhile, upon the expiry of the initial operation period for a transitional housing project, an application for extension could be made for the project to continue operation. Furthermore, the prefabricated components for MiC, with an expected lifespan of more than 10 years, could be recycled for use in other transitional housing projects to avoid wastage of resources.

141. Mr Wilson OR was concerned whether NGOs could obtain adequate professional advice for the implementation of transitional housing projects. He also asked whether specific rent level indicators would be set by the Administration for compliance by the operators.



142. In response, USTH advised that as the funding scope of the proposed funding scheme covered the commissioning of consultancy services to determine the technical feasibility or parameters of the proposed works, the successful applicants could use the funds to obtain professional advice as required. He further said that in order to provide flexibility to the operators, the authorities did not intend to set any rigid rent level indicators for the transitional housing projects. That said, the rent level of the projects would be one of the key factors to be considered in the vetting and approval of the applications.

#### Operational details of the transitional housing projects

143. Mr Wilson OR was concerned whether transitional housing projects in new development areas would be provided with adequate support services in the community to cater for the daily needs of residents. USTH replied that the provision of support facilities in the community such as retail points and community kitchens had been factored in when planning for large-scale transitional housing projects (e.g. Kong Ha Wai project).

144. Ms Claudia MO pointed out that in the light of the novel coronavirus epidemic, the Government had used Chun Yeung Estate as a quarantine centre, resulting in the deferred intake of PRH applicants who were allocated with a flat in the estate. She enquired whether such applicants would be accorded priority for admission to transitional housing.

145. USTH advised that proper arrangements had been made by HA for all PRH applicants who were allocated with a flat in Chun Yeung Estate, which included issuing letters to such applicants notifying them that the intake date of Chun Yeung Estate had yet to be confirmed and reminding them to exercise caution when making arrangements to move to the district in view of possible delays, as well as allowing the affected PRH applicants to opt to wait afresh for allocation to other PRH units or retain their allocated units in Chun Yeung Estate until flat intake and where necessary, apply for admission to interim housing. Regarding transitional housing projects implemented by community organizations under the proposed funding scheme, the applicants should, in general, be

PRH WL applicants or eligible PRH applicants. However, individual community organizations could reserve a limited number of units for specific persons in need according to their operational directions, including the affected prospective tenants of Chun Yeung Estate.

146. The Deputy Chairman said that as some members still intended to raise questions on the item, he would defer the item to the next meeting for continued discussion. He then declared the meeting closed.

147. The meeting ended at 6:59 pm.

Legislative Council Secretariat  
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