

立法會
Legislative Council

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Finance Committee of the Legislative Council

Minutes of the 30th meeting
held at Conference Room 1 of the Legislative Council Complex
on Friday, 29 May 2020 from 9:00 am to 12:43 pm; and
from 3:46 pm to 7:20 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-yee, 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 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 HUI Chi-fung
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 Vincent CHENG Wing-shun, MH, JP
Hon Tony TSE Wai-chuen, BBS

Hon CHAN Hoi-yan

Members absent:

Hon Kenneth LEUNG

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 Edward YAU Tang-wah, GBS, JP	Secretary for Commerce and Economic Development
Miss Eliza LEE Man-ching, JP	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Mr Joe WONG Chi-cho, JP	Commissioner for Tourism, Commerce and Economic Development Bureau
Mr Anson LAI Yat-ching	Assistant Commissioner for Tourism 2, Commerce and Economic Development Bureau
Mr Johann WONG Chung-yan, JP	Deputy Secretary for Labour and Welfare (Welfare) 2
Miss Heidi IP Ching-yung	Assistant Secretary for Labour and Welfare (Welfare) 4B
Ms Michelle LAM Wai-yip	Acting Deputy Director of Social Welfare (Administration)
Ms Alice WONG May-yin	Principal Executive Officer, Working Family Allowance Office
Mr Andrew KWAN Kai-ming	Senior Statistician (Social Welfare), Social Welfare Department

Other persons attending:

Mr Leo KUNG Lin-cheng, GBS, Chairman, Board of Ocean Park Corporation
JP

Mr LAU Ming-wai, GBS, JP	Deputy Chairman, Board of Ocean Park Corporation
Mr Matthias LI	Chief Executive, Ocean Park Corporation

Clerk in attendance:

Ms Anita SIT	Assistant Secretary General 1
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Staff in attendance:

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
Miss Mandy POON	Legislative Assistant (1)1
Miss Yannes HO	Legislative Assistant (1)7

Action

The Chairman reminded members of the requirements under Rule 83A and Rule 84 of the Rules of Procedure.

Item 1 — FCR(2020-21) 15

HEAD 152 —GOVERNMENT SECRETARIAT: COMMERCE AND ECONOMIC DEVELOPMENT BUREAU (COMMERCE, INDUSTRY AND TOURISM BRANCH)

Subhead 700 General non-recurrent

New Item "Funding Support to the Ocean Park Corporation"

LOAN FUND

HEAD 274 —TOURISM

Subhead 121 Loan for the Ocean Park Redevelopment Plans

Subhead 122 Loan for the Ocean Park's Tai Shue Wan Development Project

2. The Finance Committee ("FC") continued with the discussion on item FCR(2020-21)15. Members noted that FC had spent over 10 hours in three meetings (15 May, 19 May and 22 May 2020) to discuss FCR(2020-21)9 and FCR(2020-21)15, and 1 hour 23 minutes in dealing with members' motions to summon witnesses moved under paragraph 19 of the Finance Committee Procedure ("FCP").

Issues related to the financial arrangements for Ocean Park

Loan repayment

3. Given the unprecedented difficulties faced by the Ocean Park Corporation ("OPC"), Ms Tanya CHAN was concerned about its effort, if any, to re-negotiate repayment terms with the Bank of China (Hong Kong) Limited ("BOCHK"), as well as the future arrangements for the Government loans for the Ocean Park Redevelopment Plans ("MRP") and the Tai Shue Wan Development Project ("TSW Project").

4. In response, Deputy Chairman, Board of Ocean Park Corporation ("DC, B of OPC") and Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) ("PS(CIT))" advised that:

- (a) OPC had spared no effort in negotiating loan repayment terms with creditors prior to submission of the current proposal;
- (b) as the arrangements for the two Government loans would be reviewed in the context of the rethink exercise on the future of Ocean Park, it was not feasible to confirm the way forward for the loans at this juncture; and
- (c) to delink the Government loans from OPC's commercial loans, FC's approval was being sought under FCR(2020-21)15 to amend the terms of the Government loans so that the loan repayments would commence in September 2021 but not earlier.

5. In reply to Ms Claudia MO's enquiry about the repayment dates for the commercial loans, DC, B of OPC said that the repayment of principal and interests would be due on diverse dates in the next 12 months.

6. Mr Michael TIEN stated his views and concerns as follows:
- (a) while Ocean Park might adopt a hybrid operation model combining both commercial and non-profit-making elements in future, he would be prepared to support the current proposal if the bank concerned was satisfied with the viability of the future business model;
 - (b) OPC should make the best effort to negotiate with the bank concerned for loan restructuring or deferring repayment pending the outcome of the rethink exercise; and
 - (c) in the interim, it would only be prudent to provide funding for supporting OPC's operation for 12 months.

7. On the financial difficulty confronting OPC, Secretary for Commerce and Economic Development ("SCED") and DC, B of OPC explained that:

- (a) until recent years, OPC had been able to operate on a self-financed basis;
- (b) despite various cost-cutting measures, the cash reserve of OPC was quickly depleting due to high fixed costs, while closure of the Park since January 2020 had deprived OPC of any income from admission fees;
- (c) without any new funding support, OPC projected that it would become insolvent in June 2020;
- (d) any creditor, not necessarily banks, could file a winding-up petition against OPC if it defaulted payment; and
- (e) OPC had explored various loan restructuring or deferral options with the bank concerned, but given OPC's deteriorating financial position and uncertain prospect, such efforts were in vain.

8. While urging OPC to step up its negotiating effort, Mr Paul TSE enquired whether it was feasible to suspend the operation of Ocean Park for a defined period of time so as to minimize its operating costs. In response, SCED highlighted that:

- (a) due to the coronavirus disease 2019 ("COVID-19") pandemic, Ocean Park had been closed since 26 January 2020, but operating expenditure, such as costs for taking care of animals, continued to be incurred; and
- (b) to create a window for the rethink exercise, there was a need for OPC to first fulfil its repayment obligations thus obviating the need for any creditors to wind up OPC by petitioning to the court.

9. Regarding Mr Michael TIEN's enquiry on BOCHK's assessment of the assets of OPC if it went into liquidation, DC, B of OPC said that details of OPC's negotiation with the bank could not be disclosed, but every effort had been made to secure better terms prior to submission of the current proposal.

10. Mr Jeremy TAM enquired on the interest per annum for each of the three commercial loans obtained by OPC. Referring to FCR(2005-06)35 approved by FC in 2005 in which information on interest had been provided, he found it difficult to support the current proposal in the absence of such essential information. PS(CIT) and DC, B of OPC responded that:

- (a) the interest rate of 5% stated in FCR(2005-06)35 referred to the interest payable for the Government loan for MRP[Note to LegCo: the 5% interest rate is only applicable to Government loan for MRP]; and
- (b) as part of the commercial agreement between OPC and BOCHK, the interest rate and amount for the loans could not be disclosed, lest the position of OPC to raise loans and the relationship between BOCHK and its clients would be prejudiced.

11. Dr Helena WONG deplored the secrecy for not disclosing information on loan interest. She was concerned about any transfer of benefits and political pressure which might have prompted the current proposal, the main purpose of which was to repay loans owed to BOCHK.

12. Dr Helena WONG and Dr KWOK Ka-ki were of the view that OPC and the lending institution should be responsible for their own commercial decisions. Dr WONG enquired about the consequence if the proposed funding was not approved, and the implications on BOCHK as the creditor.

13. In response, DC, B of OPC and SCED pointed out that:
- (a) the Government, which had extended loans exceeding \$5 billion, was in fact the major creditor of OPC;
 - (b) apart from BOCHK, other creditors of OPC included also its suppliers, contractors and even employees; and
 - (c) to avert the closing down of Ocean Park, it was necessary to provide funding for OPC to meet its repayment obligations and stay afloat.

14. Dr CHIANG Lai-wan declared that she held shares of BOCHK. She sought information on the Government's financial exposure for the loans obtained by OPC, and the winding-up procedures applicable to statutory bodies such as OPC. In response, PS(CIT) advised that:

- (a) in 2005 and 2013, the Government had extended loans to OPC for MRP and the TSW Project respectively;
- (b) government guarantee had only been provided for one of the commercial loans for MRP obtained by OPC in 2005;
- (c) in 2015, OPC made arrangements to refinance its outstanding commercial loans for MRP and the TSW Project;
- (d) no government guarantee had been provided for the three commercial loans covered under the current proposal; and
- (e) according to legal advice, the existing corporate winding-up regime might not be applicable to statutory bodies which were not in the nature of a trading or commercial company/corporation.

Funding for the Tai Shue Wan Development Project

15. Dr KWOK Ka-ki noted with grave concern the delay and cost over-run of the TSW Project from the original estimate of some \$2.29 billion in 2013 to \$3.86 billion in early 2020. Mr CHU Hoi-dick, Mr KWONG Chun-yu, Mr Dennis KWOK and Ms Tanya CHAN noted that at the FC meeting held on 24 May 2013, the then Commissioner for Tourism had informed members that the loan amount would be capped at

\$2.29 billion and the Government would not provide further funding support. The members sought information on the amount required for completing the TSW Project included under the item of capital expenditure of the current proposal.

16. In response, SCED, PS(CIT) and DC, B of OPC advised that:
- (a) the maximum amount of Government loan for the TSW Project was capped at \$2.29 billion;
 - (b) in the progress report submitted to the Panel on Economic Development in November 2015, Members had been informed of the increase in project estimate to \$2.9 billion due to the change in project design, as well as the latest funding arrangements under which OPC was responsible for meeting the increased cost;
 - (c) all along, OPC had been able to finance the Project with its own funding;
 - (d) the outstanding costs for completing the TSW Project had been included in FCR(2020-21)15 under the item of “capital expenditure” in order to avert the insolvency of OPC;
 - (e) a breakdown of the outstanding capital expenditure could not be provided at this stage lest its disclosure would prejudice OPC's bargaining position with relevant contractors; and
 - (f) OPC would continue negotiation with the contractors after funding approval and any savings achieved would be returned to the Government.

17. Mr KWONG Chun-yu sought the latest update on the TSW Project and asked whether any party was to be held accountable for the project delay and cost over-run. DC, B of OPC and SCED responded that:

- (a) the Project was in its final stage and the Occupation Permit was expected to be obtained in the 4th quarter of 2020; and
- (b) all along, Members had been apprised of the progress of the Project, including the background and reasons leading to any project delay and increase in project estimate.

18. In reply to Ms Claudia MO, PS(CIT) clarified that the amount of \$500 million stated in paragraph 26(c) of the paper was the costs for settling current liabilities and possible compensation arising from operations, which were unrelated to the TSW Project.

Related concerns

19. In reply to Mr CHAN Chi-chuen's enquiry about the nature of the proposed funding, SCED clarified that:

- (a) the current proposal was to provide direct funding to OPC, but not to turn the Government into a shareholder of OPC through capital injection, as equity injection into OPC was not permissible under the Ocean Park Corporation Ordinance (Cap. 388) ("OPCO");
- (b) the Government had decided not to provide further loans to OPC as its repayment ability was doubtful; and
- (c) provision of the current funding would not lead to any change in the Government's role or participation in OPC.

20. Mr LEUNG Yiu-chung was deeply concerned that approval for the current proposal, if given, would give rise to a reasonable expectation that FC would continue to support future financial commitments for OPC. In response, SCED said that:

- (a) as stated in FCR(2020-21)15, members' approval was being sought, inter alia, for a new commitment of \$5,425.64 million; and
- (b) depending on the outcome of the rethink exercise and if necessary, the Government might put up financial proposals for members' consideration in accordance with existing procedures.

21. Mr CHU Hoi-dick asked whether Mrs Ann KUNG, Deputy Chief Executive of Bank of China Hong Kong (Holdings) Limited and a Director of Board of OPC, had participated in the deliberations leading to the Board's decision to seek the Government's funding support of \$5.4 billion. PS(CIT) confirmed in the negative.

Role and operation of Ocean Park

22. Ms CHAN Hoi-yan was keen to ensure that OPC would not lay off its staff. Dr Priscilla LEUNG cautioned that job opportunities for middle-level staff specialized in conservation or animal care were very limited in the market. She further suggested that OPC might consider deploying these staff on ad-hoc assignments such as hosting short courses or delivering school talks on conservation-related topics. In this regard, DC, B of OPC and SCED advised that:

- (a) while OPC had implemented a series of cost-cutting measures, it had strived to maintain its headcount and keep jobs intact;
- (b) OPC would apply for financial support under the Employment Support Scheme of the Anti-epidemic Fund and would abide by the requirements under the Scheme;
- (c) as part of OPC's effort to compress staff cost, salary reduction for OPC Management and no pay leave for some of the employees had been implemented, but massive redundancy had not taken place; and
- (d) OPC was fully aware of the importance of retaining the existing workforce in preparation for the re-opening of the Park, which would be subject to availability of financial support and control of the pandemic.

23. Dr Fernando CHEUNG considered that ineffective financial management of OPC had resulted in over-borrowing and a heavy interest burden constraining its development. He also cited poor project management and high pay rise for senior management as part of the reasons leading to the current crisis faced by Ocean Park.

24. Mr Jeremy TAM noted that the attendance of Ocean Park had surpassed that of Hong Kong Disneyland in 2014-2015, but the situation reversed in subsequent years despite a rise in the number of inbound visitors to Hong Kong. He attributed the decline in performance to ineffective governance and was concerned whether any member of the governing board or top management should be held accountable. SCED highlighted that all along, the performance of Ocean Park and Hong Kong Disneyland depended on different factors including their respective positioning, capital investment, etc. It was noted that the attendance of

the Ocean Park had outstripped that of the Hong Kong Disneyland for six years during the past decade.

25. Mr KWONG Chun-yu remarked that upon the departure of Mr Allan ZEMAN (former Chairman, Board of OPC) in 2013, OPC had a surplus of \$120 million; whereas in 2018, it posted a deficit of some \$550 million. To improve the management of Ocean Park, Mr KWONG asked whether consideration would be given to re-appointing Mr ZEMAN to lead OPC. In this regard, SCED advised that:

- (a) Mr ZEMAN was one of the advisers for the TSW Project and had been very forthcoming in offering suggestions and advice;
- (b) the performance of Ocean Peak reached its peak in terms of revenue and attendance during the period from 2003 to 2015; and
- (c) its performance started to decline in 2015 as a result of the drop in visitors in the wake of the Occupy Central Movement, and further deteriorated in early-2020 due to the COVID-19 pandemic.

26. Ms Elizabeth QUAT stated her views as follows:

- (a) the public had mixed views on whether or not to support the current proposal;
- (b) as a statutory body, OPC should fulfil its repayment obligations;
- (c) upon winding-up of OPC, the well-being of its employees and animals would be jeopardized;
- (d) all along, very little had been done to address the difficulties faced by Ocean Park until now when OPC faced imminent insolvency;
- (e) it appeared that FC had no alternative but to support the current proposal in order to avert the dire consequences; and
- (f) the Administration should convince the community that it would be able to come up with a viable forward plan for Ocean Park in six months' time.

27. Mr Tommy CHEUNG said that he did not hold any shares of BOCHK. He agreed with the current proposal and expressed the following views:

- (a) Ocean Park was part of the collective memories of Hong Kong;
- (b) persistent violence and the outbreak of COVID-19 had deterred Mainland visitors from coming to Hong Kong and dealt a heavy blow to the Park;
- (c) as a reputable statutory body, OPC should honour its repayment obligations; and
- (d) there were merits in creating a window for the rethink exercise to proceed without any worry of legal action or liquidation.

28. Whilst expressing support for the current proposal, Mr SHIU Ka-fai stated his views as follows:

- (a) his constituents had diverse views on the current proposal but recognized the economic benefits brought about by Ocean Park;
- (b) the Occupy Central Movement, the spate of hostile activities against Mainland visitors, persistent violence in the second half of 2019 and the COVID-19 pandemic had been detrimental to the performance of the Park;
- (c) OPC should take action to improve its financial management, as manifested in the grossly under-estimated cost for the TSW Project at \$2.29 billion; and
- (d) OPC should fulfil its loan repayment obligations.

29. Mr Abraham SHEK stated that his declared interests could be found in the Register of Members' Interests available to the public. He said that Members of the Business and Professionals Alliance for Hong Kong supported the current proposal, and gave the following views:

- (a) government funding support for Ocean Park was understandable as all along, it had been operating as a public

recreational and educational park and not a profit-making business venture;

- (b) the Park had benefited from the growth of Mainland visitors since 2003 but its management had encountered numerous formidable challenges in recent years, such as unforeseeable circumstances leading to cost over-run of the TSW Project; and
- (c) on account of its contributions to Hong Kong, it would only be fair to provide Ocean Park with an opportunity for rebirth.

30. Despite their sentiment not to relinquish Ocean Park, Dr KWOK Ka-ki and Mr Andrew WAN found it difficult to support the current proposal due to the lack of accountability on the part of the Government and OPC. In reply to Mr Andrew WAN's questions about payment of land premium, SCED and PS(CIT) advised that:

- (a) the land for Ocean Park was not an asset of OPC, but had been granted to OPC free of premium for use as a non-profit-making oceanarium and park;
- (b) the two hotels in the Park paid land premium to the Government, not to OPC; and
- (c) OPC was entitled to receive 1.75% of the annual gross receipts of the two hotels.

Concerns about animals

31. Ms Claudia MO was keen to ensure that in line with the global trend on animal welfare, Ocean Park should refrain from staging live animals shows, purchase or exchange of animals. In response, DC, B of OPC highlighted that all along, Ocean Park had been taking good care of the animals, which served as ambassadors to promote nature and conservation.

32. Ms CHAN Hoi-yan sought further information on Ocean Park's role in conservation, notably in saving and providing care for endangered species of animals. DC, B of OPC confirmed that with the specialized knowledge and expertise of its staff, Ocean Park had been using its own resources to support the Agriculture, Fisheries and Conservation Department in conserving and rearing endangered animals.

33. Mr KWONG Chun-yu enquired on the estimated expenditure earmarked for taking care of the animals in Ocean Park. Referring to the Park's annual operating expenditure of \$280 million related to conservation and education work, SCED reiterated that it was the objective of the current proposal to sustain the operation of the Park pro tem, thereby safeguarding the welfare of the animals.

Future plans for Ocean Park

Amendments to legislation and land use

34. Ms Claudia MO enquired about the circumstances which would necessitate amendments to OPCO. Mr WU Chi-wai was concerned whether the existing legislation and land grant conditions would be varied so that part of the land of OPC could be converted to residential/housing development.

35. Noting that the annual operating expenditure on education and conservation amounted to some \$280 million, Mr YIU Si-wing saw merits in commercializing some of the Park's activities in order to generate revenue to support its core functions. He also asked whether the rethink exercise and related strategies could be completed and implemented in six months. Dr Pierre CHAN and Mr Michael TIEN expressed doubt on the financial viability of Ocean Park in its role as a public recreational and educational park without any cross-subsidization from profitable activities or government subsidy.

36. Mr Holden CHOW and Ms CHAN Hoi-yan sought information on the timetable to amend OPCO and the possible amendments to OPCO. Mr CHOW was keen to ensure that legislative amendments would be made to enable OPC to tap more revenue sources. Ms CHAN further said that since Ocean Park had won international awards, its provision of services outside Hong Kong, if permitted, would be conducive to improving its income.

37. To address members' concerns and queries, SCED and PS(CIT) gave the following responses:

- (a) as the existing OPCO did not allow OPC to raise funds through equity financing, OPC had been relying on borrowing to finance its development;

- (b) the land of OPC could only be used for a non-profit-making oceanarium and park, thus lacking flexibility for raising income through alternative uses;
- (c) the main purposes of any amendments would be to provide greater operating flexibility to Ocean Park, to optimize its development potential and enhance its financial sustainability while fulfilling its statutory functions;
- (d) in this connection, it was unlikely that the land would be converted to housing development;
- (e) the existing OPCO did not allow OPC to generate revenue by extending its services to overseas. Currently, Ocean Park had launched joint initiatives with overseas bodies without receiving any fee;
- (f) drawing reference from the Strategic Repositioning Plan previously formulated by OPC and with the broad consensus reached by different stakeholders, the Government should be able to come up with an initial plan on the Park's future by end of 2020; and
- (g) any necessary legislative amendments and/or changes to land use could only be formulated after the future positioning of Ocean Park had been confirmed, and would be taken forward in accordance with existing procedures.

Future directions and strategies for Ocean Park

38. In response to Mr Alvin YEUNG's enquiry regarding the bureaux/departments involved in the rethink exercise and the role of the Commerce and Economic Development Bureau ("CEDB"), SCED advised that:

- (a) bureaux/departments relevant to the future positioning of Ocean Park included the Development Bureau, Environment Bureau, Education Bureau, Home Affairs Bureau and the departments under these bureaux; and
- (b) CEDB would continue to play a steering and coordinating role at the policy level.

39. Mr Tony TSE remarked that over the years, the performance of OPC and the Government's policy steer might have fallen short of public expectation. He urged the Administration to tap the commercial value of the 90-hectare site of Ocean Park, and consider the views of professional sectors such as surveying/town planning on how Ocean Park could best synergize with developments in the Southern District. SCED assured members that in studying the operation model and land use of Ocean Park, input and assistance from relevant professions would be most welcomed.

40. Ir Dr LO Wai-kwok stated his views and suggestions as follows:

- (a) Ocean Park was a flagship tourism infrastructure for Hong Kong;
- (b) the Park was not a business undertaking aimed at maximizing financial return as it also performed an important role in education and conservation; and
- (c) in mapping out the way forward, the Administration should explore options to optimize the development potential of the Park, such as providing more retail and leisure facilities and outsourcing the operation of some facilities.

41. Dr Junius HO supported the current proposal and stated his views and suggestions as follows:

- (a) Ocean Park was an essential infrastructure for Hong Kong;
- (b) the Administration should re-deploy resources from other policy areas (such as education) to support the rebirth and operation of Ocean Park for a defined period of time;
- (c) existing amusement rides might be reprovisioned to Hong Kong Disneyland while Ocean Park would be developed into a world-class marine park and resort destination; and
- (d) part of the Park's land resources should be released for other development purposes.

42. Mr LAM Cheuk-ting, Mr Andrew WAN and Dr Helena WONG remarked that they did not subscribe to Dr HO's views, and considered that his suggestions were not sound or practicable.

43. Mr SHIU Ka-chun doubted Ocean Park's ability for further development, and asked whether the proposed \$5.4 billion should better be used for settling redundancy payment and the costs for relocation of animals. SCED stressed that the scenario depicted by Mr SHIU ran contrary to the objective of the current proposal, which was to help OPC stay afloat while the rethink exercise was in progress.

44. Noting that Ocean Park was a landmark in the Southern District, Dr CHENG Chung-tai was concerned about the future of tourism in the District if Ocean Park followed the footsteps of the Jumbo Floating Restaurant and closed down. In this regard, SCED highlighted that given its geographical edge, Ocean Park could synergize with other attractions in its vicinity to drive economic development in the Southern District and Hong Kong.

45. In anticipation of changes in senior management and chairmanship of Board of OPC very shortly, Dr CHENG Chung-tai was concerned whether the new leadership would continue to take forward the proposed directions and strategies for the future positioning of Ocean Park. In response, DC, B of OPC said that:

- (a) pending the outcome of the rethink exercise, OPC would continue to operate Ocean Park as a public recreational and educational park; and
- (b) the ongoing rethink exercise would be taken into consideration when making appointments for these key personnel as they would be tasked to lead the development of Ocean Park in the new direction.

46. Mr WU Chi-wai sought information on the following:

- (a) whether the three directions proposed for Ocean Park's future re-positioning would bring about a balanced budget; and
- (b) in the event of liquidation of OPC, the arrangement for the land currently taken up by Ocean Park.

47. In this regard, SCED said that:

- (a) while financial sustainability was an important consideration for the future operation model of Ocean Park, unforeseeable circumstances might affect the final outcome; and

- (b) OPC did not own the land in question and if Ocean Park closed down, the land would be subject to other planning use or purposes.

48. Mr Alvin YEUNG sought the Administration's undertaking to report progress to the relevant Panel on a quarterly basis if the current financial proposal was approved. SCED confirmed that the Administration would report to the relevant Panel at an appropriate time. He supplemented that the annual reports of OPC were submitted to the Legislative Council and issues related to Ocean Park were also discussed in the context of other policy initiatives such as the Development Blueprint for Hong Kong's Tourism Industry.

49 Referring to Ocean Park's contributions over the past four decades, Mr YIU Si-wing considered the current proposal worthy of support. He looked forward to the early re-opening of the Park and urged OPC to make promotional offers to visitors, most of whom would likely be Hong Kong people. DC, B of OPC confirmed that the Park was actively considering promotional offers for locals in preparation for re-opening.

50. The meeting was suspended at 11:03 am and resumed at 11:14 am.

Motion to adjourn discussion on item FCR(2020-21)15

51. At 12:24 pm, Dr KWOK Ka-ki moved under FCP39 that discussion on item FCR(2020-21)15 be adjourned ("adjournment motion"). The Chairman directed that each member might speak on the adjournment motion once for not more than three minutes.

52. Dr KWOK Ka-ki advised that Members and many Hong Kong people valued the Ocean Park and did not want to see the closing down of the Ocean Park. However, after more than 11 hours of discussion by FC, the Administration still failed to properly respond to the questions raised by members, such as whether the Board and the management of OPC had to be accountable for the poor management of the Ocean Park, and whether the monitoring by the Administration had been ineffective. He was of the view that the Administration's current request for FC to approve funding to support the continuous operation of the Ocean Park was tantamount to holding FC responsible for the Park's over-borrowing, and it was indeed difficult for members to support the funding.

53. Mr Jeremy TAM, Ms Claudia MO, Mr Alvin YEUNG, Dr Fernando CHEUNG, Mr WU Chi-wai, Mr CHU Hoi-dick, Mr CHAN Chi-chuen, Mr LEUNG Yiu-chung, Dr CHENG Chung-tai, Mr HUI

Chi-fung, Mr SHIU Ka-chun and Mr KWONG Chun-yu spoke in support of the adjournment motion. In gist, these members considered that the operating condition of the Ocean Park had been deteriorating in recent years with a number of large-scale borrowings made, while the TSW Project had incurred serious cost overruns. They were dissatisfied that while these situations highlighted the problems of poor management on the part of the Board and the management of OPC as well as ineffective monitoring on the part of the Administration, no party had been held accountable for such situations so far. In addition, as the Administration and the Park had so far been unable to chart a clear way forward for the future development of the Ocean Park, members and the public were not convinced that the Ocean Park could sustain its operation in the long run after obtaining the funding. They were of the view that if the aforesaid problems could not be solved, even if FC ultimately approved the funding of more than \$5.4 billion to support the operation of the Ocean Park for one year, it could only manage to extend its life span for one year, serving to delaying its closing down only.

54. These members continued to advise that the information papers provided by the Administration and OPC in respect of this funding application were inadequate, such as the details of the Ocean Park's previous borrowings (including interest rate of loans), the reasons for and details of the review of the existing OPCO and the terms of land use, thus making it difficult for members to effectively deliberate the funding proposal. They were also worried that once FC approved this funding application, it would set a precedent and the Government would have to fund the operation of the Ocean Park over a prolonged period in future, thereby posing heavy financial burden on the Government.

55. Mr SHIU Ka-fai and Dr CHIANG Lai-wan spoke against the adjournment motion. Both members considered that due to the impact of social movements and the COVID-19 epidemic, Hong Kong's economy was mired in recession and the financial situation of the Ocean Park was even more severe. It was necessary for FC to approve the funding application, so as to assist OPC to repay its loans and safeguard the livelihood of its 2 000-odd employees.

56. At 12:43 pm, the Chairman directed that the meeting be suspended. The meeting resumed at 3:46 pm.

57. At 4:15 pm, Dr KWOK Ka-ki spoke in reply to the adjournment motion moved by him. He reiterated that he hoped the Administration and OPC could provide the details of the Ocean Park's previous borrowings, the direction of its future development as well as the specific

time limit for and ceiling of the funding to be provided by the Administration to support the operation of the Ocean Park, etc., so as to facilitate members' decisions on offering support or otherwise for the said funding application.

58. At 4:16 pm, the Chairman put to vote the adjournment motion. At the request of members, the Chairman ordered a division. The motion was negatived.

59. Mr Alvin YEUNG, when speaking on the adjournment motion, pointed out that the Administration wrote to FC on 21 May 2020 (the letter from the Administration was issued to members vide LC Paper No. FC191/19-20) to withdraw item FCR(2020-21)9 on providing funding support to the Ocean Park. Given that FCR(2020-21)9 was the item being discussed at the FC meeting held on 19 May 2020 and the revised FCR(2020-21)15 was a new agenda item, the relevant discussion time should be calculated afresh; as such, the Chairman's earlier assertion that FC had discussed the item for more than 11 hours was unreasonable.

60. In response, the Chairman advised that the main contents of the two agenda items were to provide OPC with a funding of \$5,425.64 million to support the operation of the Ocean Park for one year, while agenda item FCR(2020-21)15 only removed a supplementary provision of \$13.23 million (i.e. the part about the establishment of a review unit by the Government to take forward a rethink exercise to chart the way forward for the future development of the Ocean Park), which had little impact on the major contents of the paper. It was therefore fully justifiable to include the time spent on discussing item FCR(2020-21)9 in the calculation of total discussion time, and FC had so far (as at 12:37 pm) spent about 13 hours and 30 minutes on the discussion of the item.

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

61. The Chairman advised that as at the specified deadline (11:00 am), FC received a total of 15 motions proposed by members under FCP 37A ("FCP 37A motions"). Apart from the motion proposed by Dr Helena WONG, which was inadmissible as it was not directly related to the agenda item, the remaining 14 FCP 37A motions were in order and therefore admissible.

62. At 4:24 pm, 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 for each of the questions put.

63. At 4:35 pm, when FC was about to vote on whether the FCP 37A motion proposed by Ms Claudia MO should be proceeded with, Mr SHIU Ka-fai 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 to each of such divisions immediately after the division bell had been rung for one minute ("FCP 47 motion").

64. The Chairman advised that as an FCP 47 motion moved by Mr CHU Hoi-dick in respect of item FCR(2020-21)15 had been negatived by FC at the last meeting (22 May 2020) when the item was being deliberated, he had to discuss with the Legal Adviser and the Clerk before making a decision on whether members could move an FCP 47 motion in respect of the same item again.

65. At 4:35 pm, the Chairman directed that the meeting be suspended to deal with issues relating to FCP 47 motions. The meeting resumed at 4:50 pm.

66. The Chairman advised that according to his discussion with the Legal Adviser and the Clerk, given that the FCP 47 motion proposed in respect of item FCR(2020-21)15 had been negatived by FC at the last meeting, it might not be in order for members to move the same motion again at this juncture. It was more proper for FC to adhere to its previous decision under which each of the divisions being claimed in respect of the remaining 12 FCP 37A motions proposed under item FCR(2020-21)15 and in respect of the agenda item itself would proceed after the division bell had been rung for five minutes. He continued to say that this was the first occasion where after an FCP 47 motion moved under an agenda item had been negatived by FC, member(s) sought to move an FCP 47 motion in respect of the same agenda item again. The Legislative Council Secretariat would have to further examine in detail how such a scenario should be handled if the same situation recurred in future.

67. The voting results on the questions on proceeding with the proposed FCP 37A motions were as follows:

Member proposing the motion	Serial number of the motion	Motion be proceeded with forthwith
Ms Tanya CHAN	0001	No

Mr Alvin YEUNG	0002	No
Ms Claudia MO	0003	No
Mr CHAN Chi-chuen	0004	No
Mr Jeremy TAM	0005	No
Mr SHIU Ka-chun	0006	No
Dr KWOK Ka-ki	0007	No
Dr Fernando CHEUNG	0008	No
Mr James TO	0009	No
Mr LAM Cheuk-ting	0010	No
Mr HUI Chi-fung	0011	No
Mr Andrew WAN	0012	No
Mr KWONG Chun-yu	0013	No
Mr WU Chi-wai	0014	No

Voting on item FCR(2020-21)15

68. At 5:54 pm, the Chairman put item FCR(2020-21)15 to vote.

69. The Chairman declared that he held shares of BOCHK and its subsidiaries. Mr Christopher CHEUNG declared that he held shares of BOCHK. Dr CHIANG Lai-wan declared that she held shares of several banks. Mr Abraham SHEK declared that he was a Member returned by the Real Estate and Construction Functional Constituency, and his other interests were set out in the Register of Members' Interests.

70. At the request of members, the Chairman ordered a division. The Chairman declared that 32 members voted in favour of and 20 members voted against the item, with two members abstaining from voting. The votes of individual members were as follows:

For:

Mr Abraham SHEK Lai-him
 Mr Jeffrey LAM Kin-fung
 Mr CHAN Hak-kan
 Mr WONG Kwok-kin
 Mr Steven HO Chun-yin
 Mr YIU Si-wing
 Mr CHAN Han-pan
 Mr Christopher CHEUNG Wah-fung
 Mr POON Siu-ping
 Ir Dr LO Wai-kwok
 Dr Junius HO Kwan-yiu
 Mr Holden CHOW Ho-ding
 Mr Wilson OR Chong-shing
 Mr CHEUNG Kwok-kwan

Mr Tommy CHEUNG Yu-yan
 Mr WONG Ting-kwong
 Dr Priscilla LEUNG Mei-fun
 Mrs Regina IP LAU Suk-yee
 Mr Frankie YICK Chi-ming
 Mr MA Fung-kwok
 Mr LEUNG Che-cheung
 Ms Elizabeth QUAT
 Dr CHIANG Lai-wan
 Mr Jimmy NG Wing-ka
 Mr HO Kai-ming
 Mr SHIU Ka-fai
 Ms YUNG Hoi-yan
 Mr LUK Chung-hung

Mr Kenneth LAU Ip-keung

Mr Vincent CHENG
Wing-shun

Mr Tony TSE Wai-chuen
(32 members)

Ms CHAN Hoi-yan

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

Dr KWOK Ka-ki

Mr Dennis KWOK Wing-hang

Dr Fernando CHEUNG Chiu-hung

Dr Helena WONG Pik-wan

Mr Alvin YEUNG

Mr Andrew WAN Siu-kin

Mr CHU Hoi-dick

Mr LAM Cheuk-ting

Mr SHIU Ka-chun

Ms Tanya CHAN

Mr HUI Chi-fung

Mr KWONG Chun-yu

Mr Jeremy TAM Man-ho

(20 members)

Abstained:

Dr Pierre CHAN

Dr CHENG Chung-tai

(2 members)

71. The Chairman declared that the item was approved.

Item 2 — FCR(2020-21)10

**RECOMMENDATION OF THE ESTABLISHMENT
SUBCOMMITTEE MADE ON 11 JUNE 2019**

EC(2019-20)7

**HEAD 42 — ELECTRICAL AND MECHANICAL SERVICES
DEPARTMENT**

Subhead 000 Operational expenses

HEAD 46 — GENERAL EXPENSES OF THE CIVIL SERVICE

Subhead 083 Electrical and Mechanical Services Trading Fund

72. The Chairman advised that this item sought FC's approval for the recommendation of the Establishment Subcommittee made at its meeting held on 11 June 2019 regarding EC(2019-20)7 for the creation of two permanent posts of Chief Electrical and Mechanical Engineer (D1), one each in the Gas and General Legislation Branch and the Engineering Services Branch 2 of the Electrical and Mechanical Services Department to cope with the implementation of the new and ongoing initiatives related to

lift and escalator safety as well as the extra workload arising from the Hospital Development Plan projects.

Voting on item FCR(2020-21)10

73. At 6:00 pm, the Chairman put item FCR(2020-21)10 to vote. At the request of members, the Chairman ordered a division. The Chairman declared that 32 members voted in favour of and 16 members voted against the item, with no member abstaining from voting. The votes of individual members were as follows:

For:

Mr LEUNG Yiu-chung	Mr Abraham SHEK Lai-him
Mr Tommy CHEUNG Yu-yan	Mr Jeffrey LAM Kin-fung
Mr WONG Ting-kwong	Mr CHAN Hak-kan
Dr Priscilla LEUNG Mei-fun	Mrs Regina IP LAU Suk-ye
Mr Frankie YICK Chi-ming	Mr YIU Si-wing
Mr MA Fung-kwok	Mr CHAN Han-pan
Mr LEUNG Che-cheung	Mr Christopher CHEUNG Wah-fung
Ms Elizabeth QUAT	Mr POON Siu-ping
Dr CHIANG Lai-wan	Ir Dr LO Wai-kwok
Dr Junius HO Kwan-yiu	Mr HO Kai-ming
Mr Holden CHOW Ho-ding	Mr SHIU Ka-fai
Mr Wilson OR Chong-shing	Ms YUNG Hoi-yan
Dr Pierre CHAN	Mr CHAN Chun-ying
Mr CHEUNG Kwok-kwan	Mr LUK Chung-hung
Mr Kenneth LAU Ip-keung	Mr Vincent CHENG Wing-shun
Mr Tony TSE Wai-chuen	Ms CHAN Hoi-yan

(32 members)

Against:

Prof Joseph LEE Kok-long	Ms Claudia MO
Mr WU Chi-wai	Mr Charles Peter MOK
Mr CHAN Chi-chuen	Dr Fernando CHEUNG Chiu-hung
Dr Helena WONG Pik-wan	Mr Alvin YEUNG
Mr Andrew WAN Siu-kin	Mr CHU Hoi-dick
Mr LAM Cheuk-ting	Mr SHIU Ka-chun
Mr HUI Chi-fung	Dr CHENG Chung-tai
Mr KWONG Chun-yu	Mr Jeremy TAM Man-ho

(16 members)

74. The Chairman declared that the item was approved.

75. At 6:06 pm, the Deputy Chairman took the Chair.

Item 3 — FCR(2019-20)41

HEAD 170 — SOCIAL WELFARE DEPARTMENT

Subhead 179 Comprehensive Social Security Assistance Scheme

Subhead 180 Social Security Allowance Scheme

76. The Deputy Chairman advised that this item invited FC to approve:

- (a) the proposed improvements to the "pro-employment" measures and other measures under the Comprehensive Social Security Assistance ("CSSA") Scheme with additional financial implication of \$960 million each year; and
- (b) a 3.6% increase in the standard payment rates under the CSSA Scheme and the rates of allowances under the Social Security Allowance ("SSA") Scheme with effect from 1 February 2020 according to the established adjustment mechanism with additional financial implication of \$1,763 million each year.

The Labour and Welfare Bureau consulted the Panel on Welfare Service on the proposals on 11 November 2019. The Panel spent about one hour on deliberating the proposals.

77. The Deputy Chairman declared that he was an adviser of Bank of China (Hong Kong) Limited. At the invitation of the Deputy Chairman, Mr KWONG Chun-yu, Chairman of the Panel on Welfare Services, briefed members on the outcome of discussion by the Panel. Mr KWONG advised that the Panel on Welfare Services supported the proposals in principle, but considered that the review of the CSSA Scheme conducted by the Administration was incomprehensive and the proposed enhancements also failed to effectively address the difficulties faced by CSSA recipients. Members urged the Administration to conduct a comprehensive review of the levels of various supplements and special grants under the CSSA Scheme, implement rental support measures for CSSA recipients, provide afresh Long-Term Supplement for able-bodied recipients and relax the working hour requirements under the Working Family Allowance Scheme. Members also urged the Administration to prepare and make public a report on the review of the CSSA Scheme, so as to enable members of the public to have a clear understanding of the related contents.

Level of rent allowance

78. Mr CHAN Han-pan expressed support for the financial proposal. However, he considered the proposed level of maximum rent allowance ("MRA") unreasonable. For instance, while the MRA for one-person households (\$1,885) differed from that for two-person households (\$3,795) by more than 100%, the areas of rented housing for one-person households and two-person households were actually more or less the same. He was of the view that the MRA of \$1,885 for one-person households was inadequate for rented housing and suggested that the MRA for one-person households should be increased to align with that for two-person households.

79. Mr KWONG Chun-yu was dissatisfied that the rates of increase in the levels of supplements or grants under the improvement measures to the CSSA Scheme were on the low side, unable to meet the actual needs of CSSA recipients. For example, a 3.2% increase in MRA (before including the one-off annual adjustment) actually failed to catch up with the rate of rental increase of subdivided flats. He urged the Administration to establish a new mechanism for granting rent allowances under CSSA.

80. Dr Fernando CHEUNG also expressed dissatisfaction over the increase in MRA (3.2%) that was lower than the increase in standard payment rates under the CSSA Scheme (3.6%). He enquired about the time when the authorities would announce the results of the survey on rent allowances, as well as the estimated percentage of CSSA recipients living in rented private housing and receiving rent allowances with actual rents exceeding the applicable MRAs under the proposed rate of adjustment ("excess rent"). He pointed out that the Administration had set a goal that 90% of CSSA households living in rented private housing would not have to pay "excess rent" upon receipt of rent allowances. He queried why the goal was still unachievable at the moment.

81. Deputy Secretary for Labour and Welfare (Welfare) 2 ("DSLW(W)2") advised that the working group currently reviewing the CSSA Scheme recommended that MRA be increased on a one-off basis according to the 10% trimmed mean of rent paid by CSSA recipients living in rented private housing as at February 2019, together with an upward adjustment of 3.2% according to the movement of the rent index (rounded to the nearest \$5). The recommended adjustment, which was determined according to the findings of the review and the established adjustment mechanism, was considered reasonable. In addition, the scheme named Subsidy for CSSA Recipients Living in Rented Private Housing launched

by the Community Care Fund would be extended to October 2020 with a view to rendering additional support for households paying "excess rent". Furthermore, under the current proposal, the level of MRA for one-person households, including the aforesaid one-off annual adjustment, would be increased by 31.3%, which was the highest among all household categories. He stressed that the provision of rent allowance was not aimed at paying 100% rental expenditure for households and the Government had not set a goal in respect of the percentage of rent allowance in the rental expenditure of CSSA recipients. Should the Government adopt this as a standard, the level of rent allowance would be prone to market rent level or the housing choices made by individual CSSA recipients, thereby increasing the financial pressure on the Government.

Implementation time frame of the proposed measures

82. Mr SHIU Ka-chun pointed out that in 1999, the Administration reduced the CSSA standard payment rates for three-member to four-member families by 10% to 12% and cut down various supplements and special grants for able-bodied adult cases, but there had not been a full catch-up for such reductions over the last two decades. Pointing out that according to paragraph 26 of the discussion paper (FCR(2019-20)41), most of the CSSA improvement measures could be implemented within about 12 months after FC's approval, Mr SHIU queried why 12 months were required to implement such measures. Mr WU Chi-wai also expressed similar views.

83. DSLW(W)2 advised that the review of the CSSA Scheme mainly upheld the following basic principles: first, to ensure that resources were directed to help recipients with actual needs; second, to provide temporary basic assistance with a view to encouraging recipients to rejoin the workforce, so that they could lead independent and productive lives; third, to rid the system of work disincentives, so as to encourage those who could work to re-engage in employment. In fact, during the period from 2012 to 2019, taking single elderly persons or four-member families as examples, the cumulative increases in their respective average CSSA payments reached 43% and 39%. In 2019-2020, the Government's revised estimates of recurrent expenditure on CSSA stood at \$20.5 billion, representing about one-fourth of the recurrent expenditure in the area of welfare and around 5% of the Government's overall recurrent expenditure. The proposed increase in MRA was expected to take effect within two months upon FC's approval. As for other CSSA improvement measures, as adjustments to the computer system were involved, they would be implemented successively within one year after FC's approval. Acting Deputy Director of Social Welfare (Administration) ("Acting DDSW(A)") supplemented

that if the funding proposal was approved, the first step was to make back-pay arrangements as the relevant increases in CSSA standard payment rates and SSA allowances would take retrospective effect from 1 February 2020. The Administration planned to provide a one-off extra allowance (commonly referred to as "double pay") in mid-June 2020 and implement the adjustment to standard payment rates in the following week. As regards a series of other adjustments, they could be implemented after making adjustments to the computer system. In fact, the Government had commenced the preparatory work when proposals were submitted to FC in January 2020; once the various measures were ready, they would be implemented in sequence.

Cost effectiveness of the improvement measures under the Comprehensive Social Security Assistance Scheme

84. Dr Junius HO noted that the proposed CSSA improvement measures would incur a recurrent expenditure of about \$960 million per year. He sought statistical data on the cost effectiveness of these measures, including the estimated savings that could be achieved as a result of CSSA recipients having moved from receiving welfare to rejoining the workforce.

[Post-meeting note: The supplementary information provided by the Administration was issued to members vide LC Paper No. FC249/19-20(01) on 17 July 2020.]

Review of the Comprehensive Social Security Assistance Scheme

85. Mr LEUNG Yiu-chung urged the Administration to review and improve the CSSA Scheme on an ongoing basis. He noted that the increases in MRA as recommended by the working group, including the annual adjustment, was 31.3% for one-person households, while the increase for two-person households was about half of that for one-person households (15.2%); the respective increase for three-person households was as meagre as 5.9%. Given the notable differences among such rates of increase, Mr LEUNG sought information on the 10% trimmed mean of rent paid by CSSA recipients living in rented private housing, broken down by the aforesaid three categories of households (including the relevant raw data), together with the methodology adopted for arriving at the recommended MRA according to such data.

[Post-meeting note: The supplementary information provided by the Administration was issued to members vide LC Paper No. FC249/19-20(01) on 17 July 2020.]

86. Mr WU Chi-wai urged the Administration to examine the formula adopted for adjusting the CSSA standard payment rates, including making reference to the Consumer Price Index, so as to reflect the financial needs of CSSA recipients more accurately.

87. Senior Statistician (Social Welfare), Social Welfare Department, advised that the current MRA was adjusted according to the 10% trimmed mean of rent paid by the CSSA recipients living in rented private housing as at February 2019, while the upward adjustment of 3.2% according to the movement of the rent index was also included.

88. DSLW(W)2 said that the Social Welfare Department would update and adjust the weighting systems according to the results of the Household Expenditure Survey on CSSA Households every five years. The next updating exercise would be publicized in around mid-2021, probably later than the annual adjustment of the CSSA standard payment rates that would take effect on 1 February each year.

Unemployment assistance

89. Dr Priscilla LEUNG advised that under the current economic environment, it was necessary to consider bringing persons aged between 60 and 64 into the CSSA net or providing them with unemployment assistance. She also suggested that the "unemployment support scheme" under the CSSA Scheme should be renamed as "temporary unemployment assistance", so as to encourage recipients to rejoin the workforce. In addition, the authorities should consider adding a new category of household with unemployed family member(s), so that these families could also benefit from the CSSA Scheme. Expressing similar views, Mr SHIU Ka-chun enquired about the change in the number of CSSA applicants amid the deteriorating economic environment in recent months.

90. DSLW(W)2 advised that in view of the deteriorating economy hard hit by the COVID-19 epidemic, the Government had implemented a series of measures under the Anti-epidemic Fund to relieve the financial pressure suffered by members of the public. For instance, a six-month unemployment support scheme had been implemented from 1 June 2020 to temporarily relax the asset limits for able-bodied applicants under the CSSA Scheme; a special allowance had also been provided to eligible Working Family Allowance households.

91. Acting DDSW(A) supplemented that the number of approved CSSA applications in April 2020 was 227 510, representing an increase by

2.2% compared with that in March 2020; among which, the number of unemployment CSSA applications had registered a bigger increase, with an addition of 3 518 cases (24%) during the aforesaid period.

Concerns over the order of agenda items

92. Ms Claudia MO expressed support for the item. She enquired about the reasons why this important livelihood-related funding proposal had been deferred time and again by the Administration, so much so that FC could only scrutinize and approve the proposal at this meeting, and why it had been placed after item FCR(2020-21)10 relating to the proposed creation of posts in the Electrical and Mechanical Services Department.

93. Deputy Secretary for Financial Services and the Treasury (Treasury) 1 advised that the Government would take into consideration a basket of factors in scheduling items for inclusion into FC's agenda. This item had been placed on the agenda of FC's meetings earlier, but as the discussion time of some items placed before it was relatively long and some other more pressing items (including the Anti-epidemic Fund and other relief measures) ready for discussion during this period had to be accorded higher priorities for urgent processing, discussion on this item had to be deferred. Nevertheless, under the established mechanism, the annual adjustment to the standard payment rates under the CSSA Scheme and to the rates of allowances under the SSA Scheme would take retrospective effect. Even though the relevant parts of the proposal were submitted for FC's deliberation and approval at a later time, it would have no impact on the recipients. Item FCR(2020-21)10 was placed before this item simply because there was no request for separate discussion and voting on item FCR(2020-21)10 and the time required for deliberation would not be long.

94. At 6:53 pm, the Deputy Chairman directed that the meeting be extended for 15 minutes.

Voting on item FCR(2019-20)41

95. At 7:20 pm, the Deputy Chairman put item FCR(2019-20)41 to vote. The Deputy Chairman declared that the majority of members present and voting were in favour of the item and the item was approved.

96. The meeting ended at 7:20 pm.