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3919 3100
2869 6794

Mr James Henry LAU Jr, JP
Secretary for Financial Services and the Treasury,
Financial Services and the Treasury Bureau,
24/F, Central Government Offices,
2 Tim Mei Avenue, Tamar

1 November 2019

Dear James,

Finance Committee

Members' views on the Government's arrangements for putting forward financial proposals and on the response of public officers to members' questions

The Finance Committee ("FC") is responsible for scrutinizing and approving the financial proposals put forward by the Government. In performing its functions, FC must ensure the proper use of public money to better meet the public's needs. At the same time, the Administration's arrangements for putting forward financial proposals to FC (including pre-meeting consultations, scheduling of agenda items and submission of discussion papers), as well as the way in which public officers answer members' questions at meetings and follow up on members' concerns and views after meetings, are of paramount importance in enabling FC's effective scrutiny of relevant financial proposals.

In the past four years as the Chairman of FC, I have all along been endeavouring to communicate and discuss with the Administration and members from different camps both at and outside meetings, so as to better

understand the details of the projects and the main concerns raised by members. I have also requested the Administration to provide as complete and elaborate information as possible to address the questions and queries raised by members. On the other hand, I also note that both at previous FC meetings on scrutiny of financial proposals and the recent election forum held for electing the Chairman and Deputy Chairman of FC for the 2019-2020 session, individual members have, on many occasions, raised concerns about and expressed views on the aforesaid arrangements and the performance of public officers at FC meetings.

Newly elected as the FC Chairman for the current session, I anticipate that it will be a busy year for FC, having to deal with an overwhelmingly heavy agenda. It is particularly important to Hong Kong's development and the public's well-being that FC could make timely decisions on various financial proposals. As such, I now set out in the **Appendix** the concerns and views of individual members regarding the aforesaid issues for your and your colleagues' reference and follow-up. I sincerely hope that the Administration could pay heed to members' views, and through concerted efforts by FC members and public officers in the coming days, FC can operate more efficiently and smoothly.

Chairman of the Finance Committee

(signed)

(CHAN Kin-por)

Encl.

c.c. All members of the Finance Committee

Finance Committee

Views of individual members on the Government's arrangements for putting forward funding proposals and the response of public officers to members' questions

I.	<p><i>Pre-meeting consultations</i></p> <ul style="list-style-type: none"> ➤ The Administration put forward controversial funding proposals (such as the funding proposals relating to the Hong Kong-Zhuhai-Macao Bridge and the Hong Kong section of Guangzhou-Shenzhen-Hong Kong Express Rail Link project) to the Finance Committee ("FC") without fully consulting stakeholders and Members.
II.	<p><i>Scheduling of agenda items</i></p> <ul style="list-style-type: none"> ➤ From time to time, funding proposals relating to people's livelihood are scheduled for discussion after controversial funding proposals. ➤ The Administration, on the ground of urgency, compels FC to expeditiously approve certain funding proposals, which has rendered it impossible for members to thoroughly consider the details of and express views on such funding proposals.
III.	<p><i>Discussion papers</i></p> <ul style="list-style-type: none"> ➤ The quality of discussion papers varies considerably, with some of such papers containing inadequate or incomprehensive information. In particular, regarding information on estimated project costs, estimated cash flows and estimated operational income and expenditure, such information is either not comprehensive, or not substantiated by calculation methodologies/justifications. ➤ From time to time, several standalone projects or establishment proposals are bundled together in one discussion paper, which has made it impossible for members to scrutinize each and every proposal in a focused and meticulous manner. In addition, in respect of certain proposals, the Government also requests FC to vote in a bundled manner, as in the case of the annual funding proposal on Capital Works Reserve Fund Block Allocations.

IV.	<i>Response of public officers to members' questions at meetings</i>
	<ul style="list-style-type: none">➤ Some public officers attending FC meetings do not properly prepare themselves for the meetings, evade members' questions or keep repeating the same answers, thereby failing to give clear or focused replies to members' questions. It even creates the perception that some public officers deliberately conceal information from members, and the same questions have to be repeatedly raised by members.➤ When confronted with members' questions that involve policy issues, such as the criticism that the established policies cannot address certain deep-seated and structural problems, or that the relevant planning standards are outdated, public officers usually resort to repeating the same responses, claiming that the financial proposals are formulated according to established policies or standards. Public officers usually do not take the initiative to follow up on such questions, by, for example, undertaking to give an account of the review results to relevant Panels in due course.➤ While members, from time to time, allege that the Administration has provided fraudulent information or data, the public officers attending the meetings do not directly or clearly explain or clarify such allegations on the spot. Therefore, members' worries cannot be allayed, and the relevant allegations are repeated time and again.
V.	<i>Post-meeting follow-up actions</i>
	<ul style="list-style-type: none">➤ Regarding the supplementary information papers provided by the Administration in response to the follow-up issues raised at Establishment/Public Works Subcommittee meetings or by FC members at previous meetings, such papers are often submitted one day before the date on which the meeting scheduled to scrutinize the relevant funding proposals is held, or even as late as on the day when the meeting is held. As such, members are not given sufficient time to study the papers.
VI.	<i>Others</i>
	<ul style="list-style-type: none">➤ Many infrastructure projects implemented by the Administration have incurred cost overruns, thereby necessitating the seeking of FC's approval for supplementary provisions.➤ From time to time, significant discrepancy is identified between the Administration's forecast data for a proposed infrastructure (such as the rate of economic return and the utilization rate) and the actual post-commissioning data for the infrastructure.