

立法會
Legislative Council

LC Paper No. FC216/20-21
(These minutes have been
seen by the Administration)

Ref: FC/1/1(19)

Finance Committee of the Legislative Council

Minutes of the 20th meeting
held at Conference Room 1 of the Legislative Council Complex
on Friday, 26 March 2021, from 2:48 pm to 7:13 pm

Members present:

Hon CHAN Kin-por, GBS, JP (Chairman)
Hon CHAN Chun-ying, JP (Deputy Chairman)
Hon Abraham SHEK Lai-him, GBS, JP
Hon Tommy CHEUNG Yu-yan, GBS, 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 Michael TIEN Puk-sun, BBS, JP
Hon Steven HO Chun-yin, BBS
Hon Frankie YICK Chi-ming, SBS, JP
Hon YIU Si-wing, BBS
Hon MA Fung-kwok, GBS, JP
Hon CHAN Han-pan, BBS, JP
Hon LEUNG Che-cheung, SBS, MH, JP
Hon Alice MAK Mei-kuen, BBS, JP
Hon KWOK Wai-keung, JP
Hon Christopher CHEUNG Wah-fung, SBS, JP
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 Jimmy NG Wing-ka, BBS, JP
Dr Hon Junius HO Kwan-yiu, JP
Hon Holden CHOW Ho-ding
Hon SHIU Ka-fai, JP
Hon Wilson OR Chong-shing, MH
Hon YUNG Hoi-yan, JP
Dr Hon Pierre 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 Vincent CHENG Wing-shun, MH, JP
Hon Tony TSE Wai-chuen, BBS, JP

Public officers attending:

Mr Christopher HUI, JP	Secretary for Financial Services and the Treasury
Ms Alice LAU Yim, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Miss Natalie LI Sau-fung	Acting Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Miss CHAN Cheuk Yin, Jennie	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Mr Ivanhoe CHANG Chi-ho	Commissioner for Heritage, Development Bureau
Mr Ben LO Yu-bun	Chief Assistant Secretary for Development (Works) 2
Ms Susanna SIU Lai-kuen	Executive Secretary (Antiquities and Monuments), Development Bureau
Ms Winnie HO Wing-yin, JP	Director of Architectural Services
Ms Jackie LEE Ka-lai	Senior Project Manager 330, Architectural Services Department
Mr Horman CHAN Ming-cheong	Assistant Director of Leisure and Cultural Services (Leisure Services) 1

Mr Ricky CHAN Wai-kit	Senior Engineer 11 (East), Civil Engineering and Development Department
Ms Esther LEUNG Yuet-yin, JP	Judiciary Administrator
Ms Wendy CHEUNG Shuk-ting	Deputy Judiciary Administrator (Operations)
Miss Winnie WONG Ming-wai	Assistant Judiciary Administrator (Development) 1
Mr Jock TAM Wai-yuen	Assistant Judiciary Administrator (Corporate Services)
Mr Francis CHENG Ka-man	Principal Executive Officer (Project Planning and Accommodation), Judiciary
Mr HO Kai-ming, JP	Under Secretary for Labour and Welfare
Ms PANG Kit-ling	Assistant Director of Social Welfare (Family and Child Welfare)
Ms Alice WONG May-yin	Principal Executive Officer (Working Family Allowance Office), Working Family and Student Financial Assistance Agency
Ms May CHAN Wing-shiu, JP	Deputy Secretary for Financial Services and the Treasury (Financial Services) 1
Ms Eureka CHEUNG-yi	Principal Assistant Secretary for Financial Services and the Treasury (Financial Services) 5
Dr CHUI Tak-yi, JP	Under Secretary for Food and Health
Mr Gilford LAW Sun-on	Principal Assistant Secretary for Food and Health (Food) 2
Ms Karyn CHAN Ching-yuen, JP	Deputy Director of Food and Environmental Hygiene (Administration and Development)
Miss Almaz LEUNG Tsz-ying	Assistant Director of Food and Environmental Hygiene (Market Special Duties)
Mr Edward TSE Cheong-wo, JP	Deputy Director of Architectural Services
Mr Alex TSE Lok-man	Senior Project Manager 335, Architectural Services Department

Other person attending:

Mr Raymond LI	Executive Director and Chief Executive Officer, The Hong Kong Mortgage Corporation Limited
Mr Clement CHAN	Executive Director and Chief Executive Officer, HKMC Insurance Limited
Ms Irene MOK	Vice President (SME Financing Guarantee Scheme Operations), HKMC Insurance Limited

Clerk in attendance:

Ms Anita SIT	Assistant Secretary General 1
--------------	-------------------------------

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)95
RECOMMENDATION OF THE PUBLIC WORKS SUBCOMMITTEE
MADE ON 27 JANUARY 2021**

**PWSC(2020-21)31
HEAD 703 — BUILDING
Recreation, Culture and Amenities—Open spaces
470RO — Lung Tsun Stone Bridge Preservation Corridor at Kai Tak**

2. The Chairman said that this item sought the approval of the Finance Committee ("FC") for the recommendation of the Public Works Subcommittee ("PWSC") made at its meeting on 27 January 2021 regarding PWSC(2020-21)31, i.e. to upgrade 470RO to Category A at an estimated cost of \$669.2 million in money-of-the-day ("MOD") prices for the Lung Tsun Stone Bridge ("LTSB") Preservation Corridor at Kai Tak. Some members requested that the recommendation be voted on separately at the FC meeting. PWSC had spent around 41 minutes on the scrutiny of the above recommendation. FC had also spent 24 minutes on the discussion of the item at the previous meeting.

3. The Chairman declared that he was a Director and the Chief Executive Officer of Well Link Insurance Group Holdings Limited. He was also a Director of Well Link General Insurance Company Limited and Well Link Life Insurance Company Limited, both under the Well Link Insurance Group.

Conservation value and preservation proposals for the Lung Tsun Stone Bridge at Kai Tak

4. Mrs Regina IP requested the Administration to expound the heritage conservation and historic value of the LTSB remnants, and explain why the project would cost over \$600 million.

5. Commissioner for Heritage, Development Bureau replied that LTSB was built in the late 19th century to facilitate Chinese imperial officials and local residents to land and travel to the Kowloon Walled City via the "Pavilion for Greeting Officials". The LTSB remnants recorded and reflected the early development of Kowloon City and the importance of the Kowloon Walled City in the past. Director of Architectural Services added that the proposed works aimed to preserve the LTSB remnants in-situ. The remnants of LTSB were buried under the new reclamation area for the Kai Tak Airport expansion at around 4.5 m below ground level. In order to ensure proper in-situ preservation and presentation of the LTSB remnants, substantial excavation works had to be carried out on site, and concrete retaining walls had to be erected around the site to construct a preservation corridor which would be 320 m in length, thereby allowing public appreciation of the LTSB remnants in close range. Moreover, with a view to solving the problem of groundwater, the sheet pile walls along both sides of the corridor should reach 20 m in depth, which resulted in higher construction cost.

6. Dr Junius HO considered that a project cost of over 600 million should suffice to recreate the LTSB remnants in its original form following

the design in the past, so that the public would be able to have a personal experience of walking on L^TS^B. He queried that, as the Administration intended to restore the historical features of L^TS^B, why did it not adopt a preservation proposal of restoring or reconstructing the incomplete part of L^TS^B.

7. In reply, Executive Secretary (Antiquities and Monuments), Development Bureau advised that:

- (a) Lok Sin Tong (樂善堂) had added a wooden extension to L^TS^B after fund raising. After several reclamation works for the Kai Tak runway, the remnants of L^TS^B were buried under the new reclamation area for the Kai Tak Airport expansion, and the original structure of the "Pavilion for Greeting Officials" above ground no longer existed, and the unearthed remnants were the remains of most of L^TS^B;
- (b) the Administration had conducted a study and public consultation on options to preserve the L^TS^B remnants, and the majority opinions received were supportive of in-situ preservation of the L^TS^B remnants for display; and
- (c) the preservation corridor would have historical photos and interactive multimedia facilities to present the original image and history of L^TS^B.

Details of the proposed preservation corridor construction

8. Ir Dr LO Wai-kwok expressed support for the proposed project to preserve the L^TS^B remnants in-situ, and wished that the preservation corridor would provide education facilities to present the history of the site and serve as a holiday attraction for the public. Mrs Regina IP suggested the use of virtual reality/augmented reality technology at the preservation corridor to facilitate public understanding of the L^TS^B remnants.

9. Mr LUK Chung-hung said that he had suggested the erection of an archway as a landmark, yet the Administration considered that the added archway would be in conflict with the design of the preservation corridor. In this respect, Mr LUK suggested constructing an additional building as a permanent gallery to introduce L^TS^B to the public, while extending the subway connecting the two sites into a history corridor with photos, animations, and even interactive facilities. As regards the artist's impression of the preservation corridor set out in the Government's paper, Dr Junius HO suggested reconstructing the "Pavilion for Greeting Officials"

as a landmark at the spot at the far side of the preservation corridor shown in the image to the effect of showing the history of LTSB.

10. Director of Architectural Services responded that:
- (a) there would be exhibition areas and interpretation facilities on both sides of the walkway along the proposed preservation corridor. The plan was to invite designers with relevant experience to assist in deepening the conception, and the history of LTSB would be more vividly and attractively presented through various media, such as historical photos and interactive multimedia, while the use of new technologies, such as virtual reality/augmented reality technology, would also be considered;
 - (b) the foundation of the "Pavilion for Greeting Officials" could be found in the artist's impression image of the preservation corridor. Considering the precious conservation value of the foundation, the original appearance would be preserved as far as possible, without adding any hardware facilities atop lest damaging the relic. The Government planned to project the scenes of the past by means of new technologies, such as allowing visitors to appreciate the images of the "Pavilion for Greeting Officials" and LTSB on their mobile phones by scanning QR codes; and
 - (c) there was once a plaque on the top of the gate of the "Pavilion for Greeting Officials". As Lok Sin Tong raised funds for constructing the LTSB extension, the plaque was now preserved in the Lok Sin Tong Primary School in the vicinity. This arrangement had a historical meaning of its own. The Government planned to display a replica of the plaque in the LTSB Preservation Corridor for public appreciation.

Ancillary facilities

11. Mr YIU Si-wing considered that as the preservation corridor would be a tourist attraction, the Administration should conduct thorough planning for ancillary facilities, such as commercial facilities and car parks in the area. In this regard, he was concerned as to whether the parking area of the preservation corridor could accommodate the demand for parking spaces from numerous coaches.

12. Commissioner for Heritage, Development Bureau responded that:
- (a) the LTSB Preservation Corridor was located in the Kai Tak Development Area where many developments had taken place, and there were underground shopping streets, which would provide sufficient ancillary facilities in terms of retail and catering. The important heritage sites nearby, such as the Hau Wong Temple and Kowloon Walled City Park, also rendered it possible to consider establishing a heritage trail for tourists and members of the public to learn about the historical development of the area; and
 - (b) in respect of parking facilities, lay-bys would be provided along the trunk road under construction near Prince Edward Road East to facilitate coaches and other vehicles to pick up/drop off passengers. Moreover, the Kai Tak Multi-purpose Sports Complex would also provide 60 parking spaces for coaches, and visitors could walk to the LTSB Preservation Corridor from the Complex.

Voting on FCR(2020-21)95

13. At 3:15 pm, the Chairman put item FCR(2020-21)95 to vote. The Chairman declared that the majority of the members present and voting were in favour of the item. The item was approved.

Item 2 — FCR(2020-21)101

**RECOMMENDATION OF THE ESTABLISHMENT
SUBCOMMITTEE MADE ON 17 FEBRUARY 2021**

EC(2020 - 21)8

HEAD 80 — JUDICIARY

Subhead 000 Operational expenses

14. The Chairman said that this item sought the approval of FC for the recommendation of the Establishment Subcommittee made at its meeting on 17 February 2021 vide EC(2020-21)8 regarding:

- (a) creation of one permanent judicial post of Justice of Appeal of the Court of Appeal of the High Court ("JA")(JSPS 17) in the Judiciary with immediate effect upon approval by FC to strengthen the judicial establishment at that level of court;

- (b) retention of one supernumerary civil service post of Administrative Officer Staff Grade C ("AOSGC") (D2) for five years from 1 February 2022 to provide directorate support to the Planning and Quality Division ("PQ Division") of the Judiciary Administration ("Jud Adm"); and
- (c) creation of one supernumerary civil service post of Principal Executive Officer ("PEO")(D1) for five years with immediate effect upon approval by FC to provide directorate support to the Accommodation Section of PQ Division of Jud Adm.

15. The Chairman advised that some members requested that the recommendation be voted on separately at the FC meeting. Moreover, certain members requested that the three posts under the above recommendation be voted on separately. The Administration said that it did not oppose the arrangement. The Chairman said that the three posts under the above recommendation would be put to vote separately after discussion.

The permanent judicial post of Justice of Appeal of the Court of Appeal of the High Court proposed to be created

16. In respect of the manpower shortage in courts, Mrs Regina IP enquired whether the Judiciary could engage deputy judges to handle cases, and whether deputy judges had to take an oath and the kinds of cases to be heard by them.

17. Judiciary Administrator responded that:

- (a) as the caseload of the Court of Appeal of the High Court ("CA") remained heavy in recent years, including a large number of cases involving non-refoulement claims, it was necessary to create the permanent judicial post of JA. Furthermore, the Judiciary had deployed judges of the Court of First Instance ("CFI") to sit as additional judges of CA as a relief to the shortage in manpower of CA;
- (b) the Judiciary had all along engaged deputy judges and judicial officers to adjudicate on cases in response to operational needs at different levels of courts (including CFI, the District Court ("DC"), the Magistrates' Courts and specialist courts and tribunals); and

- (c) deputy judges and judicial officers included judges and judicial officers appointed to judicial positions of higher levels within the Judiciary, as well as private legal practitioners engaged externally. Deputy judges and judicial officers had to take an oath in accordance with law when assuming office, and their tenure would vary depending on operational needs, ranging from a few weeks to a few months in general.

18. Mr Tony TSE agreed that it was necessary to create the permanent judicial post of JA to ease the heavy workload of CA. He was concerned about the current judicial manpower shortage and requested the Administration to provide information on the openings, recruitment and hiring of judges and judicial officers in the Judiciary. Judiciary Administrator undertook to provide the information for members' reference.

[Post-meeting note: The supplementary information provided by the Administration was issued to members vide LC Paper No. FC178/20-21(01) on 17 June 2021.]

The supernumerary post of Administrative Officer Staff Grade C proposed to be retained

19. Dr Junius HO enquired about the key performance indicators and the progress of work of one existing supernumerary AOSGC post in the Development Office of the Development Division of Jud Adm, and the work to be performed continuously by the post.

20. Judiciary Administrator replied that the major duties of the AOSGC included legislation on the use of electronic technology in court operations and assisting the implementation of Information Technology Strategy Plan at full force. As regards the issues concerning legislation and policy on the Information Technology Strategy Plan, following the passage of the Court Proceedings (Electronic Technology) Ordinance in July 2020, the Judiciary expected to submit to the Legislative Council ("LegCo") 10 pieces of subsidiary legislation which involved electronification of proceedings in DC and the Magistrates' Courts in the first half of this year. Moreover, remote hearings had been implemented in civil proceedings since last year. In order to render remote hearings applicable in criminal proceedings, the AOSGC would have to handle necessary legal drafting and legislative amendment work, and to keep on assisting in the effective use of technology in court proceedings

21. Dr Junius HO requested the Administration to provide information on the key performance indicators and relevant work progress of the

supernumerary AOSGC post. Judiciary Administrator undertook to provide the information for members' reference.

[*Post-meeting note:* The supplementary information provided by the Administration was issued to members vide LC Paper No. FC178/20-21(01) on 17 June 2021.]

22. Regarding the internal reorganization of the Judiciary, Mr Tony TSE enquired about the division of work between the new PQ Division and the Development Division under Jud Adm.

23. Judiciary Administrator replied that the new PQ Division was mainly responsible for coordinating and consolidating services provided by the Judiciary, so as to tie in with the action agenda of the Judiciary, including studying on ways to make proper use of information technology to enhance and improve service quality and efficiency. Apart from information technology development, two mega accommodation projects, namely the reprovisioning of the High Court and DC, would be implemented in the next few years. Therefore, the Judiciary suggested that one existing supernumerary AOSGC post in the Development Office of the Development Division be retained and be deployed to PQ Division. As regards the reorganized Development Division, it would mainly be responsible for implementing policy proposals of the Judiciary and the legislative amendments that might be involved.

The supernumerary post of Principal Executive Officer proposed to be created

24. Mr Holden CHOW said that the high public attendance in cases relating to social incidents recently heard in the courts might bring pressure to the judges adjudicating such cases, thereby affecting the judicial procedures. As the duties of the supernumerary post of PEO proposed to be created involved issues concerning accommodation and court security, Mr CHOW enquired about the security measures adopted by the Judiciary before the creation of the supernumerary post concerned. Mr Tony TSE enquired why the directorate post proposed to be created in the Accommodation Section was a PEO post, but not a professional post.

25. Judiciary Administrator responded that:

- (a) concerning the issues of order and security in the courts, judges and judicial officers could issue directions to regulate the behaviours of people attending the courts depending on the situations. As regards other public spaces in court premises,

the Judiciary had been enforcing the House Rules for the Maintenance of Order and Security on Court Premises to deter members of the public from conducting nuisance or hazardous behaviours. Frontline security officers could rein in such behaviours or disperse the people concerned in light of the situations, and also refuse those people from entering court buildings;

- (b) the number of high-profile cases heard across different levels of courts had been increasing in the past two years, especially those cases relating to social incidents and involved multiple defendants, drawing high public attendance, which rendered it necessary for dedicated support at the directorate level for coordination and planning to put in place timely and appropriate crowd management, queuing and ticketing arrangements for allocation of courtroom seats, as well as security measures, so as to ensure smooth, orderly and safe operation of the courts; and
- (c) FC had approved the creation of one supernumerary post of PEO in the Judiciary previously to lead the courts building projects and the tasks for court security, and the tenure had already expired on 1 April 2020. Due to the need for extra directorate officers to continue the dedicated support for strategic planning and supervision for the courts building projects and court security matters, the Judiciary proposed recreating one supernumerary post of PEO.

26. Mr Tony TSE enquired about the progress of relocation of DC. Judiciary Administrator replied that the Judiciary was compiling relevant functional requirements for relocating DC, and would consult relevant legal professional bodies and court building users later this year, and would then prepare for a tendering exercise. If the relevant work proceeded smoothly, the Judiciary would submit a funding proposal to FC early next year and the works would commence as soon as possible after securing funding approval, and were expected to be completed in 2027.

27. Dr CHENG Chung-tai recalled that some Members once raised questions at meetings of LegCo concerning the introduction of the jury system to DC, and that the Government pointed out then that the resource implications of introducing jury trials to DC would be extremely substantial and far-reaching, including additional space and facilities required to cater for jury trials. Dr CHENG considered that it was unreasonable that jury trials were not introduced because of a lack of space in court premises. In

this respect, Dr CHENG enquired whether the Administration would consider introducing the jury system to DC after the relocation of DC to a larger premises. He also wished that the paper to be submitted by the Administration to LegCo next year about the DC relocation project would take into account the introduction of jury trials.

28. Judiciary Administrator replied that whether to introduce the jury system to DC was a question about policy on justice and law, but not merely about accommodation. This was not a subject that could be decided by Jud Adm. However, the Judiciary could relay members' opinions to the Department of Justice.

Voting on FCR(2020-21)101

29. There being no further questions from members on the item, the Chairman put item FCR(2020-21)101 to vote in three parts.

(a) creation of one permanent post of Justice of Appeal of the Court of Appeal of the High Court

30. At 3:47 pm, the Chairman put this part to vote. The Chairman declared that the majority of the members present and voting were in favour of this part of the proposal. This part was approved.

(b) retention of one supernumerary post of Administrative Officer Staff Grade C

31. At 3:48 pm, at the request of members, the Chairman ordered a division. The Chairman declared that 34 members voted in favour of and 1 member voted against this part of the proposal. No member abstained from voting. The votes of individual members were as follows:

For:

Mr Abraham SHEK Lai-him
Mr Jeffrey LAM Kin-fung
Ms Starry LEE Wai-king
Dr Priscilla LEUNG Mei-fun
Mrs Regina IP LAU Suk-yee
Mr Frankie YICK Chi-ming
Mr LEUNG Che-cheung
Mr KWOK Wai-keung

Ms Elizabeth QUAT
Mr POON Siu-ping

Mr Tommy CHEUNG Yu-yan
Mr WONG Ting-kwong
Mr CHAN Hak-kan
Mr WONG Kwok-kin
Mr Michael TIEN Puk-sun
Mr MA Fung-kwok
Ms Alice MAK Mei-kuen
Mr Christopher CHEUNG Wah-fung
Mr Martin LIAO Cheung-kong
Dr CHIANG Lai-wan

Ir Dr LO Wai-kwok	Mr CHUNG Kwok-pan
Mr Jimmy NG Wing-ka	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 LAU Kwok-fan
Mr Vincent CHENG Wing-shun	Mr Tony TSE Wai-chuen

(34 members)

Against:

Dr CHENG Chung-tai
(1 member)

32. The Chairman declared that this part of the proposal was approved.

(c) creation of one supernumerary post of Principal Executive Officer

33. At 3:53 pm, at the request of members, the Chairman ordered a division. The Chairman declared that 34 members voted in favour of and 1 member voted against this part of the proposal. No 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 Michael TIEN Puk-sun
Mr Frankie YICK Chi-ming	Mr MA Fung-kwok
Mr LEUNG Che-cheung	Ms Alice MAK Mei-kuen
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 CHUNG Kwok-pan
Mr Jimmy NG Wing-ka	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 LAU Kwok-fan
Mr Vincent CHENG Wing-shun	Mr Tony TSE Wai-chuen

(34 members)

Against:
Dr CHENG Chung-tai
(1 member)

34. The Chairman declared that this part of the proposal was approved.

Item 3 — **FCR(2020-21)100**
HEAD 173 — **WORKING FAMILY AND STUDENT**
FINANCIAL ASSISTANCE AGENCY
Subhead 199 **Working family allowance**

Item 4 — **FCR(2020-21)104**
HEAD 170 — **SOCIAL WELFARE DEPARTMENT**
Subhead 700 **General non-recurrent**
Item 811 **Short-term food assistance**
Subhead 000 **Operational expenses**

35. The Chairman advised that given that item 3 and item 4 were both related to the provision of social welfare and service projects, discussion on the two papers (i.e. FCR(2020-21)100 and FCR(2020-21)104) would be combined and then be voted on separately at the meeting.

36. The Chairman advised that the first paper, FCR(2020-21)100, sought the approval of FC for a supplementary provision of \$795 million for 2021-2022 under Head 173 Working Family and Student Financial Assistance Agency Subhead 199 "Working family allowance" to provide sufficient resources for handling the additional applications arising from the time-limited reduction of working hour requirements under the Working Family Allowance Scheme ("WFA Scheme"). The second paper, FCR(2020-21)104, sought the approval of FC for:

- (a) an increase in commitment by \$18.3 million from \$1,259 million to \$1,277.3 million under Head 170 "Social Welfare Department" Subhead 700 "General non-recurrent" Item 811 "Short-term food assistance"; and
- (b) a supplementary provision of \$280.4 million for 2021-2022 under Head 170 "Social Welfare Department" Subhead 000 "Operational expenses" to meet the increase in demand for food assistance arising from the time-limited relaxation of the asset

limits of the Short-term Food Assistance Service Projects ("STFASPs").

37. The Labour and Welfare Bureau ("LWB") had consulted the Panel on Welfare Services on the proposals put forward in the aforesaid two papers on 8 February 2021.

38. At the invitation of the Chairman, Dr CHIANG Lai-wan, Chairman of the Panel on Welfare Services, briefed members on the gist of the Panel's discussion. Regarding the reduction of working hour requirements for non-single-parent households under WFA Scheme, Dr CHIANG said that Panel members raised no objection to the Administration's submission of the said proposal to FC, but they requested the Administration to consider, on top of the existing Child Allowance, introducing an allowance for elderly family members under the time-limited arrangement, lowering the working hour requirements for Higher Allowance and streamlining the application arrangement. The Panel also considered that public money was being properly used by abolishing the Individual-based Work Incentive Transport Subsidy Scheme so as to pool resources for implementing the time-limited reduction of WFA working hour requirements for non-single-parent households. Regarding the proposal for relaxing the asset limits of STFASPs, members supported the proposal and urged the Administration to allocate more resources to non-governmental organizations ("NGOs") operating STFASPs so as to meet the surge in service demand arising from the epidemic.

Working Family Allowance Scheme

39. Mr LUK Chung-hung said that many employees had been affected by the Coronavirus Disease 2019 ("COVID-19") epidemic and subject to reduced working hours and pay cuts. However, the Secretary for Labour and Welfare suggested employers consider adopting a job-sharing arrangement. He was concerned that the proposed arrangement would merely further reduce the working hours of employees and might render them unable to meet the WFA working hour requirements. Mr LUK Chung-hung considered that relaxing the eligibility criteria for WFA Scheme could only partially address the demand of the labour sector. The Administration should consider lowering the monthly basic working hour requirement for Higher Allowance from 192 hours or more to 176 hours or more and revising the working hour requirement for Medium Allowance to 132-176 hours per month. He also suggested streamlining the application arrangement by reducing the claim period to cover the immediate past three

calendar months instead of the immediate past six months before submission so that relevant households could receive the allowances at an earlier time.

40. In reply, Under Secretary for Labour and Welfare ("USLW") advised that:

- (a) employers were prohibited by law from unilaterally amending employment contracts. Employees should lodge complaints to the Government if their working hours or wages were involuntarily reduced;
- (b) a substantial reduction of the basic working hour requirement on a time-limited basis for non-single-parent households under WFA Scheme was proposed with an aim to provide financial support to eligible low-income households by allowing them to apply for WFA amid pandemic-induced reductions in their working hours; and
- (c) the proposed substantial reduction in monthly working hour requirement for Basic Allowance from at least 144 hours to at least 72 hours (i.e. about 18 hours a week on average) meant that applicants would only need around 3 hours of work per day to be eligible for WFA.

41. Principal Executive Officer (Working Family Allowance Office), Working Family and Student Financial Assistance Agency supplemented that the proposed reduction of working hour requirements was expected to drive up the number of WFA applications. If the claim period for WFA Scheme was reduced to cover the immediate past three calendar months instead of the immediate past six months before submission, the number of applications to be processed would be doubled in the future. Considering the current staffing establishment of the departments concerned, the processing of such applications would take much longer time by then.

42. Mr LEUNG Che-cheung and Mr Wilson OR expressed support for this funding application. They were of the view that WFA Scheme should provide timely relief to people in need expeditiously. Mr OR requested the Administration to streamline or speed up the application procedure so that relevant households could receive the allowances as soon as possible. Furthermore, he suggested the Administration seek additional funding in due course so that the time-limited arrangements concerned would not end prematurely due to resource exhaustion.

43. In reply, USLW said that he took note of members' views and was well aware of public expectations. Generally speaking, if applicants had provided adequate information and supporting documents at the time of submission of their applications, the departments concerned were expected to complete the vetting and approval of simple cases in two weeks' time at the earliest. As regards members' concern whether the time-limited arrangement would be halted halfway, USLW said that the Government would seek additional funding in due course if needed.

44. Mr Michael TIEN expressed support for reducing the working hour requirements under WFA Scheme, but he considered it necessary for the Government to support the underemployed and the unemployed through other measures at the same time. He recalled the "Love Upgrading Special Scheme" introduced by the Employees Retraining Board ("ERB") in 2019 which assisted the underemployed and unemployed to make career changes, on top of the provision of training and allowances. According to his understanding, about 82% of trainees who had completed full-time courses under the Scheme managed to secure employment. The Financial Secretary recently stated that a new phase of the "Love Upgrading Special Scheme" would be introduced this year, but a quota of only 20 000 trainees was proposed. In this regard, Mr Michael TIEN requested the Administration to increase the quota of the Scheme to 50 000 trainees.

45. In reply, USLW advised that he did not have the latest statistics on the employment rate of trainees of the "Love Upgrading Special Scheme" in hand. Since the programmes were not directly taught by ERB, various training bodies might cap the number of trainees owing to constraints in the availability of instructors or classrooms. In view of the epidemic, face-to-face training courses might not be necessary. The Government would explore further on this with ERB.

46. Mr Michael TIEN enquired whether the Administration could undertake to allocate additional funding to ERB and increase the quota of the "Love Upgrading Special Scheme" if ERB could resolve the constraints on instructors or facilities. USLW responded that it was not appropriate for the Government to make such an undertaking for the time being, but the policy objective was to enable more people to benefit from the Scheme.

Short-term Food Assistance Service Projects

47. Mr CHAN Chun-ying noted that there was a rise in demand for STFASPs amid the impact of the COVID-19 epidemic last year. The number of service users had increased by more than 17 000, involving an

additional expenditure of \$127 million (i.e. an average cost of around \$7,274 per service user) by then. Regarding the proposed one-year time-limited relaxation of the asset limits of STFASPs, around 120 000 additional service users were expected to benefit from the scheme, which would involve an additional expenditure of about \$430 million (i.e. an average cost of merely around \$3,583 per service user). In this regard, Mr CHAN was concerned about the substantial reduction in the average expenditure per service user by half.

48. In response, Assistant Director of Social Welfare (Family and Child Welfare) ("ADSW(FCW)") explained that given the uncertainties brought about by the COVID-19 epidemic, the Administration had left some leeway in the budget estimates when seeking additional commitments last year to address the additional demand possibly arising from the evolving pandemic situation. The current funding application sought to meet the increase in demand for food assistance arising from the time-limited relaxation of the asset limits of STFASPs. Since the funding commitment approved last year could absorb part of the expenditure, the current proposal would require less additional funding than actually needed. Furthermore, as past experience indicated that some cases did not fully utilize the eight-week food assistance, the Government had adjusted the estimated additional commitment after taking into account the actual service utilization among beneficiaries.

49. Mr CHAN Chun-ying noted that upon regularization of STFASPs this year, the service boundaries would be re-demarcated along with manpower restructuring. He enquired about the additional manpower to be provided upon regularization of STFASPs to cope with the projected increase of 120 000 new service users and the resultant increase in the number of meal-days. Dr CHENG Chung-tai opined that the economic situation might continue to worsen and Hong Kong's unemployment rate might rise further under the impact of the COVID-19 epidemic. He was concerned whether the Administration would provide more assistance to NGO operators of STFASPs and whether the service boundary, scale and manpower of the existing operators could meet the service demand in the future.

50. USLW replied that according to the information at present, if the COVID-19 epidemic situation in the coming days was comparable with the current situation, the prevailing unemployment rate should have already reached its peak and would not necessarily continue to rise as predicted by Dr CHENG.

51. In reply, ADSW(FCW) advised that:

- (a) in preparing the estimate for the additional commitment, service usage was calculated on the basis of 65 meal-days for each beneficiary on average;
- (b) the Government had been reviewing the current service capacity provided by NGOs and would allocate more existing resources to the relevant bodies if needed. The additional commitments approved last year should be sufficient to meet the expenditure up to the end of July this year. Following the pitching of asset limits of STFASPs to those of WFA Scheme from June onwards, there would be a surge in demand for short-term food assistance, so the current funding application proposed an increase in commitment by \$18.3 million to cover the expenditure to be incurred between June and July 2021 (i.e. the period preceding the regularization of STFASPs);
- (c) the Administration had used the information on the service demand during the peak period last year as the basis of projection for the estimated expenditure upon regularization of STFASPs; and
- (d) when inviting NGOs to submit proposals for operating the regularized STFASPs, the Government had already indicated that additional provisions ranging from \$800,000 to \$1 million would be earmarked for service operators to boost manpower.

52. While expressing support for the proposed time-limited relaxation of STFASPs asset limits, Mr LEUNG Che-cheung enquired why the Government adopted asset limits at such levels as the benchmark for assessment.

53. In response, ADSW(FCW) advised that the asset limits of the existing STFASPs were lower than that of WFA Scheme. By relaxing the asset limits of STFASPs and pitching them to those of WFA Scheme, it was aimed at allowing those who suffered from reduced income but still possessed certain amounts of assets to obtain short-term food assistance as a relief to their imminent needs.

54. Mr LEUNG Che-cheung said that NGO operators of STFASPs would adopt a district-based approach for demarcating their service

boundaries. For the convenience of service users, one service point in a single district would not be enough. In this regard, Mr LEUNG enquired, if NGOs were able to establish multiple service points within a single district, whether the Government would give priority to consider their applications to be an operator. Mr Wilson OR expressed support for the funding application. He stated that NGOs which operated food banks had relayed to him their wishes for the Administration to allow greater flexibility in the variety of food under STFASPs, as well as the facilitation of administrative support from the Social Welfare Department as far as possible.

55. In reply, ADSW(FCW) advised that:

- (a) given that the regularization of STFASPs would take place in August, NGOs had already been invited to submit operation proposals, and the assessment criteria included service points ran by applicant organizations;
- (b) the Government would consider the variety of food recommended by NGOs in operation proposals and design menus for different clientele groups (e.g. children, elderly persons and adults); and
- (c) STFASPs allowed flexibility in the variety of food arranged by operators and, in addition to the provision of food, food and hot meal coupons could also be offered to recipients for purchasing food.

Voting on FCR(2020-21)100

56. At 4:39 pm, the Chairman put item FCR(2020-21)100 to vote. The Chairman declared that the majority of the members present and voting were in favour of the item. The item was approved.

Voting on FCR(2020-21)104

57. At 4:39 pm, the Chairman put item FCR(2020-21)104 to vote. The Chairman declared that the majority of the members present and voting were in favour of the item. The item was approved.

Item 5 — FCR(2020-21)105

**HEAD 148 — GOVERNMENT SECRETARIAT:
FINANCIAL SERVICES AND THE TREASURY
BUREAU (FINANCIAL SERVICES BRANCH)**

Subhead 700 General non-recurrent

New item "100% Personal Loan Guarantee Scheme"

58. The Chairman said that this item sought the approval of FC for a new commitment of \$15 billion under Head 148 Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch) Subhead 700 General non-recurrent for introducing a new 100% Personal Loan Guarantee Scheme ("Loan Scheme"). The Financial Services and the Treasury Bureau had consulted the Panel on Financial Affairs on the relevant proposal on 1 March 2021.

59. At the invitation of the Chairman, Secretary for Financial Services and the Treasury ("SFST") briefed members on the details of FCR(2020-21)105.

60. At the invitation of the Chairman, Mr Jeffrey LAM, Chairman of the Panel on Financial Affairs, briefed members on the salient points of the Panel's discussion. Mr Jeffrey LAM said that members of the Panel generally supported the funding proposal. Some members were concerned about whether underemployed persons, those who were forced to take no pay leave persistently, new retirees and individuals who merely worked part-time before getting unemployed were eligible for application, while other members requested the Administration to explain in detail the arrangement for recovery of defaulted repayments and the expenses incurred. Members urged the Administration to launch the Scheme as soon as possible and ensure that participating lending institutions ("PLIs") would handle the relevant loan applications in a swift and flexible manner.

61. The meeting was suspended at 5:06 pm and resumed at 5:17 pm.

Overall views on the 100% Personal Loan Guarantee Scheme

62. Ir Dr LO Wai-kwok, Mr Christopher CHEUNG, Mr Jeffrey LAM, Mr CHAN Chun-ying, Mr SHIU Ka-fai, Mr Martin LIAO, Mr Vincent CHENG, Ms Alice MAK, Mr KWOK Wai-keung, Mr POON Siu-ping and Mr Tony TSE spoke in support of the funding proposal for the implementation of the Loan Scheme.

63. Mr CHAN Chun-ying declared that the institution by which he was currently employed might take part in the Scheme. Mr CHAN, Mr Martin LIAO and Mr SHIU Ka-fai wished that the Government could roll out the Scheme expeditiously to address the people's pressing needs. Ir Dr LO Wai-kwok and Mr Christopher CHEUNG said that Members belonging to the Business and Professionals Alliance for Hong Kong were supportive of the Scheme. Ir Dr LO considered that the Government should effectively contain the COVID-19 pandemic to enable various sectors to resume business as soon as possible, so as to protect employment and boost the economy.

64. Mr Vincent CHENG, Mr KWOK Wai-keung, Ms Alice MAK and Mr POON Siu-ping criticized LWB for its refusal to establish an unemployment assistance fund for the unemployed. Mr Vincent CHENG said that Members belonging to the Democratic Alliance for the Betterment and Progress of Hong Kong urged the Government to set up an unemployment assistance fund, and believed that the Loan Scheme was not the most desirable measure. Mr KWOK Wai-keung also said that Members belonging to the Hong Kong Federation of Trade Unions were of the view that an unemployment assistance fund would offer the best solution for assisting the unemployed, and the Scheme could simply serve to give another option for the needy. Ms Alice MAK criticized the Government for its refusal to set up an unemployment assistance fund, while the Employment Support Scheme introduced last year also failed to offer help to those in need, but benefiting many large-scale corporations instead.

65. Mr POON Siu-ping, Mr Holden CHOW, Mr SHIU Ka-fai, Mr Tommy CHEUNG, Ir Dr LO Wai-kwok, Mr LUK Chung-hung, Mr Vincent CHENG, Ms Alice MAK and Mr WONG Ting-kwong were concerned that a lot of employees were either underemployed, requested by employers to take no pay leave, or subject to heavy pay cuts, and that the Loan Scheme proposed currently could not offer relief to the people concerned. Mr SHIU Ka-fai pointed out that some premises which were ordered earlier by the Government to close, such as bars, karaoke establishments, had suspended business for months, while their employees had to take no pay leave, but were not formally dismissed during business suspension. Mr Tommy CHEUNG, Mr POON Siu-ping, Mr Holden CHOW, Ir Dr LO Wai-kwok and Mr LUK Chung-hung raised similar opinions and considered that the Administration should carry out proper measures to support these employees.

66. SFST responded that:

- (a) the purpose for introducing the Loan Scheme was to cater for the needs of individuals suffering from cessation of main recurrent incomes from employment due to the pandemic and provide them with a supplementary financing option to tide them over the interim difficulty, and those people who were taking no pay leave or underemployed were therefore not covered by the Loan Scheme; and
- (b) the Scheme was designed with a view to expeditiously processing the applications, and documents required to be submitted by the applicants mainly included: proof of employment and main recurrent incomes for at least three months during the period from January 2020 to the Scheme's announcement in February 2021; a declaration of unemployment; and proof of unemployment and loss of main recurrent incomes for at least two months.

67. Mr Tommy CHEUNG, Mr Vincent CHENG, Ms Alice MAK and Mr WONG Ting-kwong urged the Administration to consider the next round of support measures as soon as possible to assist the underemployed. Mr Tommy CHEUNG suggested that, in case there was any remaining commitment two months after the implementation of the Loan Scheme, the Government should consider applying to FC again for extending the eligibility of the Loan Scheme to cover the underemployed or individuals taking no pay leave. Moreover, the Government might also consider applying for another commitment to introduce a new scheme to support the underemployed. Mr Vincent CHENG and Mr WONG Ting-kwong asked whether the Administration would consider relaxing the eligibility of the beneficiaries to cover the underemployed after reviewing the implementation progress of the Loan Scheme. Ms Alice MAK urged the Government to reconsider applying for another commitment of \$15 billion for setting up another loan scheme for those underemployed or suffering from substantial reduction in income.

68. SFST responded that:

- (a) he appreciated members' concern over the needs of people taking no pay leave or who were underemployed, but he reiterated that the main purpose of the Loan Scheme was to assist individuals losing main recurrent incomes from

employment due to the pandemic, which also included self-employed individuals and free-lancers;

- (b) as regards the subject of underemployment concerning no pay leave or heave pay cuts, etc., the Government had explored appropriate measures to assist different groups at other policy levels from time to time; and
- (c) after the launch of the Loan Scheme, HKMC Insurance Limited ("HKMCI") would report regularly to the Government on the implementation of the Scheme, and Government would consider the next step in due course depending on the implementation, taking into account the situations of the pandemic and the economy. The Government was happy to report to members the progress of the Loan Scheme and to deliberate on other measures.

69. Ms Alice MAK considered that the Administration should offer more specific promises instead of merely responding that it would give "consideration in due course". In reply, SFST thanked members for their support for the Loan Scheme and reiterated that the Government could not hastily guarantee anything as it had to consider and strike a balance among many different factors when exploring the introduction of a new measure, such as the Government's financial condition, the development of the pandemic and the socio-economic situation.

Loan amount and fees under the Loan Scheme

70. Mr POON Siu-ping enquired whether the Loan Scheme was expected to be sufficient for supporting the unemployed under the pandemic.

71. In response, SFST explained that:

- (a) while the unemployment rate increased from around 3.3% in late 2019 to 7.2% in early 2021, and the number of unemployed people increased by approximately 137 000, it was expected that the proposed commitment and loan amount would be sufficient to support the unemployed; and
- (b) the loan amount was set at six times the average monthly income of the applicants, subject to a ceiling of \$80,000, i.e. an average monthly income of around \$13,000. According to the data from the Census and Statistics Department, the median monthly income of employed persons (excluding foreign

domestic helpers) was around \$19,000, and around 25% to 30% of the employed population earned an income between \$13,000 to \$14,000, so it was believed that the Scheme offered sufficient coverage.

72. Mr Tony TSE said that paragraph 17 of the Government's document stated that interest income received under the Scheme could not be set aside to cover the costs. In this respect, he enquired about the cost details of the Loan Scheme. Mr LUK Chung-hung enquired about the details of the fees charged by HKMCI. Mr Jeffrey LAM enquired about the costs of default recovery involved.

73. SFST replied that the Government would provide a total commitment of \$15 billion for the Loan Scheme. The commitment was for funding the purchase of loan from PLIs by the Hong Kong Mortgage Corporation Limited ("HKMC") and for covering the associated expenses of around \$1.095 billion, including an administration fee payable to HKMCI to cover manpower costs and related premises expenditure on administering the Scheme, etc., originating fees and loan servicing fees payable to PLIs, debt recovery costs, and other necessary out-of-pocket expenses. The relevant expenses were all pegged to the percentage of the loan amount. HKMC had already negotiated with the lending institutions to squeeze the costs as far as possible. Borrowers would receive a full rebate of the interest payment after the loan and interest were fully repaid by the end of the repayment period, therefore the interest received under the Loan Scheme could not be used to recover the costs.

74. Mr Martin LIAO enquired about the number of banks interested in participating in the Loan Scheme. Mr KWOK Wai-keung enquired how the Government assessed the effectiveness of the Loan Scheme.

75. Executive Director and Chief Executive Officer, The Hong Kong Mortgage Corporation Limited ("ED/CEO, HKMC") responded that HKMC was in the course of deliberation with major retail banks in Hong Kong, and so far none of them had indicated an intention not to join the Loan Scheme, and it was expected that the first batch of lending institutions participating in the Loan Scheme would include major banks. SFST replied that banks had received many enquiries from the public since the Budget announced that the Government planned to launch the Loan Scheme. Upon the introduction of the Loan Scheme, the Government would pay close attention to the public's response to the Loan Scheme. HKMCI would also report regularly to the Government on the implementation of the Loan Scheme, including the usage of the overall loan guarantee commitment, the number of applications approved and the number of beneficiaries.

Eligibility and application procedures

76. Mr LUK Chung-hung, Mr KWOK Wai-keung, Mr Holden CHOW and Mr SHIU Ka-fai were respectively concerned about whether the following groups were eligible for the Loan Scheme:

- (a) individuals who were bankrupts at the moment;
- (b) individuals who had been bankrupts before and were now discharged from bankruptcy;
- (c) Hong Kong citizens who travelled frequently to and from the Mainland for work;
- (d) new immigrants; and
- (e) individuals who were unemployed or lost the jobs providing main incomes, and were only working part-time at present.

77. SFST and ED/CEO, HKMC responded that:

- (a) applicants could not be undischarged bankrupts or subject to any bankruptcy petition;
- (b) individuals who had been bankrupts before and were now discharged from bankruptcy were eligible for the Loan Scheme;
- (c) regarding the cross-boundary workers, the eligibility depended on whether the employment took place in Hong Kong;
- (d) applicants had to be Hong Kong permanent residents aged 18 or above as the Loan Scheme did not cover new immigrants; and
- (e) individuals losing main recurrent incomes for at least two months but still earning part-time incomes were also eligible.

78. Mr Jeffrey LAM said that, for the Loan Scheme to achieve the purpose to provide expeditious relief for unemployed persons, the Administration had to launch the Scheme as soon as practicable, the application procedures had to be streamlined where possible, and the Administration and banks also had to handle the applications flexibly and leniently. Mr Holden CHOW and Mr POON Siu-ping expressed similar

opinions. Mr POON hoped that the Administration and banks could make proper arrangements so that the Scheme would be launched within one month after FC approved the funding.

79. Mr YIU Si-wing considered that the eligibility criteria for the Loan Scheme should tend to be lenient instead of being strict. He pointed out that a lot of tour escorts and tourist guides had ceased working before January 2020, and some of them were free-lancers who might not be able to produce the proof as requested by the Administration in order to lodge an application. He enquired whether the Administration could consider allowing accredited tourist guides and tour escorts to take an oath in lieu of providing proof of employment. Mr KWOK Wai-keung also pointed out that many employees were unemployed before January 2020 under the effect of the 2019 social movements, and it might not be possible for them to produce the proof requested by the Administration for submitting applications. Mr CHAN Chun-ying enquired whether banks would exercise discretion if the unemployed persons could only provide proof of income and employment before January 2020 when lodging an application; and how such cases would be dealt with, if, after banks had exercised discretion while handling the applications, HKMCI did not agree to the discretion given in the course of its sample checks.

80. SFST replied that:

- (a) the Government would launch the Loan Scheme as soon as possible after FC approved the commitment and the procedures for application would be made clear and simple as far as practicable;
- (b) the Loan Scheme was targeted at the unemployed without any specific sector in mind, and applications from different sectors would be dealt with under the same standards; and
- (c) the eligibility period for the Loan Scheme would count from the first quarter of 2020 onwards, and if the unemployed persons became unemployed in the first quarter of 2020, they might not be able to provide proof of employment and main recurrent incomes for at least three months during the specified period, so PLIs would deal with such cases with discretion by considering the applicants' proof of employment and main recurrent incomes prior to unemployment as the basis of reference. Further negotiations with lending institutions would still be necessary to decide on the proof documents specifically required.

81. ED/CEO, HKMC responded that:

- (a) concerning the proof of employment incomes, HKMC was negotiating with the banks on the implementation details of the Loan Scheme. Moreover, it was the banks' expertise to assess the incomes of loan applicants, and the banks also knew well the features of different sectors and understood that it was not easy for employees of certain sectors to have pay advices or proof of incomes, so applicants might be allowed to use bank statements or documents issued by licensed travel agents as proof;
- (b) lending institutions would mainly review applicants' documents to verify their eligibility, but not the repayment ability. In the early period of implementing the Loan Scheme, HKMCI would conduct meetings with the lending institutions every morning during which the lending institutions could reflect the special cases among the applications received, and HKMCI would offer guidance so that different lending institutions would exercise discretion following the same criteria; and
- (c) drawing reference from the special 100% loan guarantee scheme for small and medium-sized enterprises ("SMEs") last year, HKMCI and the lending institutions had already accumulated relevant experience and maintained close communication, and considering the smooth verification of applications for the said scheme, HKMCI was confident that the cooperation with lending institutions on the new scheme would be effective.

Repayment and recovery arrangements

82. Mr Michael TIEN said that as borrowers would receive a full rebate of the interest payment after the loan and interest were fully repaid by the end of the repayment period under the Loan Scheme, he suggested the Administration consider not to calculate interest, or to extend the repayment period to 10 years. Mr Tony TSE enquired about the justifications for a full interest rebate after full repayment of the loan and interest, and whether the borrowers were still required to repay the loan if they emigrated.

83. SFST responded that:

- (a) the Loan Scheme was established with public money after all, and this involved moral risks, so if no interest was charged at all, the borrowing costs for borrowers would be entirely different. Compared to other forms of loan, the interest rate of 1% per annum under the Loan Scheme was favorable;
- (b) the maximum repayment period was six years counting from the drawdown of the loan. In alleviating the immediate repayment burden on borrowers, they were given an option of principal moratorium for the first 12 months, under which borrowers would only be required to make repayments of principal and interest in the remaining five-year repayment period. Therefore, the entire repayment period would span six years. The repayment period of one plus five years under the Loan Scheme, instead of a longer repayment period, was adopted after taking into account various factors, including the principles of using public money, the nature of the loan as personal loans, and the expected improvement in the economy; and
- (c) the arrangement of a full interest rebate after full repayment of the loan and interest by the end of the repayment period was adopted with a view to offering incentives for borrowers to repay the loans as required under the Loan Scheme.

84. ED/CEO, HKMC added that loan repayment and emigration were two different issues, and borrowers still had to repay the loans even after emigrating from Hong Kong.

85. Mr Christopher CHEUNG and Mr Martin LIAO enquired about the arrangement for debt recovery. Mr CHAN Chun-ying enquired about the measures to be adopted by the Government if borrowers were unable to repay the loans. Mr Michael TIEN queried whether banks would still have to endeavor to recover the debts as the Government had already offered 100% guarantee.

86. SFST responded that if borrowers defaulted on repayment without reaching an agreement on repayment arrangement with banks, as servicers of the loan, banks would initiate recovery actions having regard to their code of operation, usual commercial practice and their internal policy, including referring to third parties for recovering the debts. At present, the Code of

Banking Practice laid down strict requirements on engaging third parties on debt recovery, e.g. banning inappropriate recovery actions that would cause nuisance. Furthermore, the banks concerned might initiate legal proceedings against defaulting borrowers.

87. ED/CEO, HKMC added that, in general, banks would first consider the option of personal debt restructuring, and would initiate recovery actions according to the Code of Banking Practice if they were unable to reach an agreement with borrowers on the repayment arrangement. Moreover, the operation of the Loan Scheme was similar to the special 100% loan guarantee scheme for SMEs last year, and although lending institutions were no longer exposed to the risk of bad debts after selling the loans to HKMC, they still had the responsibility to recover the debts following common practice. HKMC would also monitor the recovery actions concerned.

88. Ir Dr LO Wai-kwok noted that the Scheme assumed an overall default rate of 25% and estimated a default loss of around \$3.75 billion. He enquired about the default rate of the special 100% loan guarantee scheme for SMEs provided by the Government, and if the above scheme did not have a high default rate, whether the Government would consider relaxing the eligibility for the Loan Scheme in question. Mr POON Siu-ping and Mr KWOK Wai-keung enquired about the legal liability and consequences to be borne by defaulted borrowers.

89. SFST responded that, considering that no credit assessment would be carried out under the Loan Scheme and that the applicants were unemployed, 25% was used as the assumed default rate for estimation purpose. The special 100% loan guarantee scheme for SMEs also adopted the same assumption. To prevent abuse of the Loan Scheme, borrowers would only receive a full interest rebate after fully repaying the loan and interest by the end of the repayment period; moreover, the Government would apply the following measures when implementing the Scheme to reduce the risk of defaults and the potential loss:

- (a) PLIs would be required to exercise professional expertise, judgement and care in conducting customer due diligence and verification of the eligibility of loan applicants;
- (b) HKMCI would conduct an upfront quality assurance sample check at the application stage;
- (c) PLIs would report the repayment history of borrowers to credit reference agencies, and the credit history of borrowers might be affected if they defaulted on repayment; and

- (d) PLIs would initiate debt recovery actions on defaulted loans according to their existing policies and procedures.

Voting on FCR(2020-21)105

90. At 6:23 pm, there being no further questions from members on the item, the Chairman put item FCR(2020-21)105 to vote. The Chairman declared that the majority of the members present and voting were in favour of the item. The item was approved.

Item 6 — FCR(2020-21)102

**RECOMMENDATION OF THE PUBLIC WORKS
SUBCOMMITTEE MADE ON 24 FEBRUARY 2021**

PWSC(2020-21)33

HEAD 703 — BUILDINGS

Environmental Hygiene—Retail markets and cooked food centres

**35NM — Modernization of Aberdeen Market cum Cooked Food
Centre**

91. The Chairman advised that this item sought the approval of FC for the recommendation of PWSC made at its meeting on 24 February 2021 regarding PWSC(2020-21)33, i.e. to upgrade 35NM "Modernization of Aberdeen Market cum Cooked Food Centre" to Category A at an estimated cost of \$254.0 million in MOD prices. Some members requested that the recommendation be voted on separately at the FC meeting.

Market Modernization Programme

92. Mr Tony TSE expressed support for the proposed overhaul of the Aberdeen Market and expressed appreciation that the Food and Environmental Hygiene Department ("FEHD") and the Architectural Services Department ("ArchSD") had brought in new ideas in designing the Aberdeen Market project. Mr Tony TSE pointed out that the Administration put forward the Market Modernization Programme ("MMP") in 2018, but was only about to roll out the first market project now. He enquired whether the Administration had a specific timetable for the entire MMP. Mr YIU Si-wing was concerned that the Aberdeen Market had been in service for 38 years and the renovation had not been underway until now. The Administration should consider making arrangements for asset depreciation in public markets, so that old markets could be renovated as soon as possible.

93. Deputy Director of Food and Environmental Hygiene Department (Administration and Development)("DD(AD)/FEHD") responded that:

- (a) the proposed Aberdeen Market project was an overhaul project under MMP, and various repair and maintenance works had been carried out on facilities in the Aberdeen Market;
- (b) hardware improvement works under MMP included overhaul and minor refurbishment or improvement works. Apart from the Aberdeen Market, FEHD also planned to overhaul another three public markets (namely, Yeung Uk Road Market, Ngau Tau Kok Market and Kowloon City Market). Regarding the renovation works of these three public markets, FEHD had been maintaining close contact with stakeholders (including tenants and Market Management Consultative Committees ("MMCCs ")) with an aim to consult relevant District Councils later this year, and then apply to LegCo for funding in due course depending on work progress;
- (c) as regards minor refurbishment or improvement works, FEHD had conducted consultations on 11 public markets, in which the projects for 10 public markets had already started, while the project for the remaining one was under preparation and was expected to commence within this year; and
- (d) the Government had earmarked \$2 billion for implementing the 10-year MMP, with a view to improving the operating environment of public markets. MMP was an ongoing project and no cap was set on the number of markets that could be covered. The scale of works varied among different projects. For example, the overhaul of the Aberdeen Market involved \$254.0 million, while more specific cost estimates for the projects of the other three markets could only be made after completion of the detailed design. If necessary, the Government would seek additional resources to implement MMP.

Concessionary arrangements for stall tenants in the Aberdeen Market

94. Mr SHIU Ka-fai expressed support for the overhaul of the Aberdeen Market. Mr SHIU and Mr KWOK Wai-keung enquired about the progress of relocation arrangements for stall tenants who were required to move out. Furthermore, since many stall tenants would need to purchase or install tools

of trade in their stalls again when resuming business in the Aberdeen Market in the future, Mr SHIU and Mr KWOK enquired whether the Administration would subsidize tenants on these tools, apart from waivers of rental and air-conditioning charges.

95. DD(AD)/FEHD responded that:

- (a) FEHD had been maintaining close communication with stall tenants in the Aberdeen Market on the proposed project and received the forms for confirmation of intention from all stall tenants in early 2020. Stall tenants could choose to resume business in the overhauled market, relocate to other designated public markets in the district to continue operation or wind up business;
- (b) the number of market stalls in the overhauled Aberdeen Market would be sufficient to accommodate the stall tenants who wished to return and resume business after the project. Existing stall tenants who opted to continue their business in the overhauled Aberdeen Market might rent an overhauled new stall through "restricted auction". Remaining stalls after "restricted auction" would be allocated through open auction;
- (c) considering that stall tenants opting to close down business or relocate to vacant stalls of designated markets in the same district to continue operation would be conducive to the implementation of MMP, FEHD would provide the tenants concerned with a one-off ex-gratia payment; and
- (d) stall tenants who resumed business after the overhaul of the Market could enjoy waivers of rentals and air-conditioning charges for a certain period. The ex-gratia payment was concessionary in nature which involved the use of public money, therefore the Government had to strike a balance between the interests of tenants and the interests of the public.

Details of the proposed project

96. Mr SHIU Ka-fai and Mr KWOK Wai-keung were concerned that the Aberdeen Market would be fully closed during the overhaul, and wished that the Administration could compress the 14-month works schedule so that stall tenants could resume business as soon as possible.

97. DD(AD)/FEHD replied that, subject to FC's funding approval, FEHD would convene MMCC meetings as soon as practicable to discuss with relevant stall tenants the specific arrangements for permanent or temporary relocation to designated public markets in the Southern District to continue business, and deliberate on other works-related matters. The Government expected that the works could start in the third quarter of this year. Earlier, stall tenants had agreed to the full closure of the Aberdeen Market for 14 months to make way for the works, and ArchSD would also use pre-fabricated parts as appropriate to improve construction efficiency. FEHD would continue to explore the feasibility of further compressing the works period with ArchSD.

98. Mr Tommy CHEUNG expressed support for the project. He noticed that there was a market owned by the Link Asset Management Limited ("the Link") in Lung Hang Estate. Although the nearby Tai Wai Market was renovated with air-conditioning, it was still a far cry from the markets under the Link. He pointed out that stalls in public markets were too small and passageways were too narrow for today's requirements. Mr CHEUNG hoped that the modernized public markets could compete with the Link's markets to offer real choices to the public. He enquired whether there was any difference between the improvement works of the Aberdeen Market and the Tai Wai Market, and whether recycling facilities would be added. Mr YIU Si-wing enquired whether the overhaul of the Aberdeen Market would improve waste sorting facilities in the Market.

99. DD(AD)/FEHD replied that the overhaul of the Aberdeen Market would involve re-planning the stalls and extending the size to around 15 sq m for large stalls and around 6.75 sq m for small stalls, while the passageways would be widened to at least 2.1 m. Other modern design included new hand-washing facilities, a water dispenser, a baby care room, space for placing food waste recycling bins and a room for the recycling of discarded foam boxes etc. As regards the Tai Wai Market, the improvement works mainly involved installation of air-conditioning equipment with no change in stall planning.

100. Dr CHENG Chung-tai declared that he had family members working in public markets. Dr CHENG considered that when providing new facilities in markets, the Administration should first understand the real needs of the public and market stall tenants. He pointed out that adding baby care rooms in public markets might not be helpful to market users. Nevertheless, only two vehicle loading/unloading spaces would be provided in the loading/unloading area of the overhauled Aberdeen Market, and this was obviously inadequate, rendering it difficult for market tenants to load and unload goods.

Management model and operation mode of public markets

101. Mr YIU Si-wing was concerned about how the Government would improve the management of the Aberdeen Market after the improvement works were completed, and whether FEHD would raise rents and management fees on stalls in the overhauled market.

102. Mr Michael TIEN considered that in addition to upgrading the hardware of public markets, the Administration should operate public markets on commercial principles to enhance their competitiveness. Mr TIEN suggested FEHD fully introduce electronic payment systems in public markets to record data on turnovers and patronage of individual stall tenants and compare the turnovers among fellow tenants as the basis for consideration in the selection of tenants for tenancy renewal, so as to avoid some tenants from occupying the stalls without active operation. Mr TIEN said that if the Administration was unable to respond positively to his suggestion, it would be difficult for him to support the funding proposal.

103. Mr Tommy CHEUNG said that he did not agree with the suggestion of applying the operation mode of private shopping malls to public markets. He also considered that prices should be determined by the market, and the Government or landlords were not obliged to enhance the price competitiveness of goods sold by stall tenants.

104. DD(AD)/FEHD responded that:

- (a) the suggestion of using stall tenants' turnovers as the basis for consideration of tenancy renewal for individual stall tenants would deviate from the Government's established practice. FEHD believed that relevant stakeholders would also have opinions on this suggestion. Taking into account the historical factors, the reform of public market management had to be proceeded step by step, and the Government would keep on receiving different views in order to optimize the management of public markets. In light of the recommendations in the direct investigation report of the Office of The Ombudsman in 2018, FEHD was actively following up and reviewing the management of public markets to carry out the reform of public market management;
- (b) to improve service quality, FEHD was piloting a new management model at the FEHD Skylight Market completed late last year. In addition to daily management of public

markets such as cleansing, security and minor repair, service contractors engaged by FEHD would also maintain communication with stakeholders, formulate market promotion and development strategies, with a view to enhancing business vibrancy and meeting the needs of the public. FEHD would constantly review the operation outcome of the FEHD Skylight Market and consider ways to update management measures in overhauled public markets;

- (c) by adopting the new management model, FEHD did not mean to outsource the responsibility of market operation. FEHD was still responsible for determining the rental level and signing agreements with tenants. It would also deploy staff for daily market inspections and conduct surprise inspections to monitor contractors' performance in market management. If irregularities by stall tenants were found, FEHD would initiate regulatory actions and related enforcement actions. Instead of the practice of automatic tenancy renewal, FEHD would deal with tenancy renewal under a reasonable mechanism, including the consideration of tenants' past performance (such as whether there were irregularities);
- (d) according to the established mechanism, regardless of whether the stalls were new market stalls or existing vacant stalls, FEHD would, in determining the rental level of market stalls, consider the reference rentals as assessed by the Rating and Valuation Department. Take the Aberdeen Market as an example, "restricted auction" would take place after the overhaul, after which the remaining stalls would be allocated through open auction; and
- (e) promoting contactless payment in public markets was one of the future market development directions, and contactless payment was fully in place at the FEHD Skylight Market. New public markets or overhauled markets under MMP would draw reference from this practice in implementing contactless payment.

105. Mr KWOK Wai-keung said that the Aberdeen Market might lose some of its customers during the overhaul. He was concerned about the measures to be taken by the Government to enhance the attractiveness of the overhauled Aberdeen Market and bring customers back. Mr Tony TSE was also concerned about how the Government could increase the utilization rate of public markets.

106. DD(AD)/FEHD responded that the Government would keep in touch with the stall tenants through the MMCC concerned regarding the arrangements for resumption of business during and after the overhaul, so as to understand the needs of the stall tenants. In terms of attracting patronage and increasing the utilization rate of public markets, the FEHD Skylight Market was cited as an example. In addition to cleansing, security and minor repair, the service contractor concerned was also responsible for marketing. Therefore, the Government wished to appoint a service contractor as soon as possible to carry out marketing work before the reopening of the Aberdeen Market.

107. Since 6:59 pm, the Deputy Chairman presided over the meeting.

108. At 7:00 pm, the Deputy Chairman ordered that the meeting be extended for 15 minutes.

Voting on FCR(2020-21)102

109. At 7:07 pm, the Deputy Chairman put item FCR(2020-21)102 to vote. At the request of members, the Deputy Chairman ordered a division. The Deputy Chairman declared that 20 members voted in favour of and 2 members voted against the item. No member abstained from voting. The votes of individual members were as follows:

For:

Mr Tommy CHEUNG Yu-yan	Mr Jeffrey LAM Kin-fung
Mr WONG Ting-kwong	Ms Starry LEE Wai-king
Mrs Regina IP LAU Suk-ye	Mr Steven HO Chun-yin
Mr Frankie YICK Chi-ming	Mr YIU Si-wing
Mr LEUNG Che-cheung	Ms Alice MAK Mei-kuen
Mr KWOK Wai-keung	Mr POON Siu-ping
Mr CHUNG Kwok-pan	Dr Junius HO Kwan-yiu
Mr Holden CHOW Ho-ding	Mr SHIU Ka-fai
Ms YUNG Hoi-yan	Dr Pierre CHAN
Mr Vincent CHENG Wing-shun	Mr Tony TSE Wai-chuen

(20 members)

Against:

Mr Michael TIEN Puk-sun	Dr CHENG Chung-tai
-------------------------	--------------------

(2 members)

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

111. The meeting ended at 7:13 pm.

Legislative Council Secretariat
25 August 2021