

立法會
Legislative Council

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seen by the Administration)

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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, 22 June 2018, at 4:00 pm

Members present:

Hon CHAN Kin-por, GBS, JP (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
Hon WONG Kwok-kin, SBS, JP
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Claudia MO
Hon Steven HO Chun-yin, BBS
Hon Frankie YICK Chi-ming, SBS, JP
Hon WU Chi-wai, MH
Hon MA Fung-kwok, SBS, JP
Hon Charles Peter MOK, JP
Hon CHAN Chi-chuen
Hon CHAN Han-pan, JP
Hon LEUNG Che-cheung, SBS, MH, JP
Hon Kenneth LEUNG

Hon Alice MAK Mei-kuen, BBS, JP
Dr Hon KWOK Ka-ki
Hon KWOK Wai-keung, JP
Hon Dennis KWOK Wing-hang
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
Dr Hon Helena WONG Pik-wan
Hon IP Kin-yuen
Dr Hon Elizabeth QUAT, BBS, JP
Hon Martin LIAO Cheung-kong, SBS, JP
Hon POON Siu-ping, BBS, MH
Dr Hon CHIANG Lai-wan, JP
Ir Dr Hon LO Wai-kiwok, SBS, MH, JP
Hon CHUNG Kwok-pan
Hon Alvin YEUNG
Hon Andrew WAN Siu-kin
Hon CHU Hoi-dick
Hon Jimmy NG Wing-ka, JP
Hon HO Kai-ming
Hon LAM Cheuk-ting
Hon Holden CHOW Ho-ding
Hon SHIU Ka-fai
Hon SHIU Ka-chun
Hon Wilson OR Chong-shing, MH
Hon YUNG Hoi-yan
Dr Hon Pierre CHAN
Hon CHAN Chun-ying
Hon CHEUNG Kwok-kwan, JP
Hon LUK Chung-hung
Hon LAU Kwok-fan, MH
Dr Hon CHENG Chung-tai
Hon KWONG Chun-yu
Hon Jeremy TAM Man-ho
Hon Gary FAN Kwok-wai
Hon AU Nok-hin
Hon Vincent CHENG Wing-shun, MH
Hon Tony TSE Wai-chuen, BBS

Members absent:

Hon Michael TIEN Puk-sun, BBS, JP (Deputy Chairman)
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP

Hon YIU Si-wing, BBS
Dr Hon Junius HO Kwan-yiu, JP
Hon Tanya CHAN
Hon HUI Chi-fung
Hon Kenneth LAU Ip-keung, BBS, MH, JP

Public officers attending:

Ms Alice LAU Yim, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Ms Carol YUEN, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Mr Mike CHENG Wai-man	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Mr Eddie CHEUNG Kwok-choi, JP	Deputy Secretary for Financial Services and the Treasury (Financial Services) 2
Ms Winnie NG Ching-ching, JP	Deputy Secretary for Financial Services and the Treasury (Financial Services) 3
Dr CHUI Tak-yi, JP	Under Secretary for Food and Health
Miss Diane WONG Shuk-han	Principal Assistant Secretary for Food and Health (Food) 2
Mr David WONG Fuk-loi, JP	Deputy Director of Food and Environmental Hygiene (Administration and Development)
Mr Eric TSAI Yu-sing	Assistant Director of Food and Environmental Hygiene (Operations) 1
Mr Derek LAI Wing-chi	District Environmental Hygiene Superintendent (Sha Tin), Food and Environmental Hygiene Department
Mr Edward TSE Cheong-wo	Project Director 3, Architectural Services Department
Mr Alex TSE Lok-man	Senior Project Manager 335, Architectural Services Department

Clerk in attendance:

Ms Anita SIT	Assistant Secretary General 1
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Staff in attendance:

Ms Ada LAU	Senior Council Secretary (1)7
Mr Raymond SZETO	Council Secretary (1)5
Miss Queenie LAM	Senior Legislative Assistant (1)2
Mr Frankie WOO	Senior Legislative Assistant (1)3
Ms Michelle NIEN	Legislative Assistant (1)5

Action

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

Item 1 — FCR(2018-19)26

**RECOMMENDATIONS OF THE ESTABLISHMENT
SUBCOMMITTEE MADE ON 29 MAY 2018**

EC(2018-19)4

HEAD 148 — GOVERNMENT SECRETARIAT :

**FINANCIAL SERVICES AND THE TREASURY
BUREAU (FINANCIAL SERVICES BRANCH)**

Subhead 000— Operational expenses

2. The Chairman advised that this item invited the Finance Committee ("FC") to approve the recommendation of the Establishment Subcommittee ("ESC") made at its meeting on 29 May 2018, i.e. the proposal in the paper EC(2018-19) 4 relating to the retention of two supernumerary posts of one Administrative Officer Staff Grade B (AOSGB) (D3) and one Administrative Officer Staff Grade C (AOSGC) (D2); and the creation of one supernumerary AOSGC (D2) post in the Financial Services Branch of the Financial Services and the Treasury Bureau ("FSTB") in order to provide suitable high-level policy steer and inputs to various major legislative initiatives and policy initiatives. A request for separate voting on the recommendation at the FC meeting had been made by members.

Enhanced regulation of money lenders and measures to tackle money
lending-related malpractices

3. Dr KWOK Ka-ki supported the item but expressed concern about the effectiveness of the measures taken by the Administration to tackle the problem of unscrupulous money lenders and intermediaries. Dr KWOK

opined that the Administration should enhance protection for intending borrowers against malpractices of financial intermediaries through legislation, and asked whether there was any timetable to take forward enhanced measures in this regard.

4. Deputy Secretary for Financial Services and the Treasury (Financial Services)³ ("DS(FS)3") advised that the responsibility of the supernumerary directorate level post (i.e. DS(FS)3) was, among others, to continue overseeing measures to tackle money lending-related malpractices and assessing their effectiveness pursuant to a review of the four-pronged approach implemented since 2016. FSTB would continue to co-ordinate and work closely with the relevant departments, including the Registrar of Money Lenders and the Police Force, and implement additional regulatory measures (including improved proforma and the imposition of an additional licensing condition) and other measures where appropriate.

Participation in Asian Infrastructure Investment Bank and Asian Development Bank

Benefits for participating in Asian Infrastructure Investment Bank

5. Mr CHU Hoi-dick asked whether Hong Kong, as a member of Asian Infrastructure Investment Bank ("AIIB"), could initiate local projects to be financed by AIIB. He called on the Administration to provide more details to illustrate how the financial and professional services sectors and standing of Hong Kong as an international financial centre ("IFC") had benefitted from its joining AIIB since June 2017.

6. To ensure that Hong Kong's financial commitment to AIIB was worthwhile, Mr AU Nok-hin considered that the Administration should assess the investment return and concrete benefits to Hong Kong. He urged the Administration to follow up with AIIB to obtain detailed information on the 25 AIIB-financed project items, and collect data relating to participation of Hong Kong companies and consultants in the relevant projects. Mr Kenneth LEUNG enquired about the progress of bidding for AIIB to set up a sub-office in Hong Kong.

7. Noting that some western countries were skeptical toward the vigorous investment of AIIB-financed projects led by the Mainland in some countries under the Belt and Road Initiative, Dr KWOK Ka-ki opined that the Administration should re-assess the risk and benefit of Hong Kong's participation in AIIB taking into consideration the changes in the global political climate and the need to maintain the status of Hong Kong as an IFC.

8. In response, DS(FS)3 said that:
- (a) projects financed by AIIB were generally for lower-income AIIB members; and projects in Hong Kong did not require financing by AIIB;
 - (b) the Administration would continue to actively participate in AIIB, including promoting Hong Kong's strengths in financial and professional services and liaising with AIIB on procurements and the bid of setting up a sub-office in Hong Kong; and
 - (c) the majority of AIIB-financed projects were co-financed with multilateral financial institutions such as The World Bank. The Administration would continue to liaise with AIIB to obtain more detailed information on AIIB projects. Similar to the case of the Asian Development Bank ("ADB"), AIIB members were not to benefit directly from investment return in AIIB, but generally from the improved connectivity and prosperity of the region through projects financed by AIIB.

Hong Kong's participation in AIIB

9. Dr KWOK Ka-ki asked about the number of AIIB meetings attended by the Hong Kong representatives so far. Mr Kenneth LEUNG asked about the number and the work of the civil servants seconded to AIIB, and the impact of the secondment on the manpower resources of FSTB. Mr AU Nok-hin enquired about the work of the supernumerary directorate level posts in providing administrative support related to AIIB's operation.

10. DS(FS)3 advised that:
- (a) the Financial Secretary and the Secretary for Financial Services and the Treasury were respectively the Governor and the Alternate Governor of Hong Kong, China in AIIB and either of them would attend the Board of Governors meeting annually. The Under Secretary for Financial Services and the Treasury served as an advisor in the China constituency of AIIB and attended the Board of Directors meetings on a regular basis;

- (b) the work of the proposed directorate posts was to provide support for Hong Kong's participation in AIIB, including the Board of Governors meetings, the Board of Directors meetings and liaisons with AIIB on procurement opportunities, the bid for a sub-office in Hong Kong and other institutional matters as appropriate; and
- (c) two civil servants were seconded to AIIB to provide assistance to AIIB on institutional matters, while gaining exposure to the operation of a multilateral organization. The secondment of the relevant civil servants to AIIB had no impact on the operation of FSTB.

Asian Development Bank

11. Dr KWOK Ka-ki asked about the rationale for transferring the ADB portfolio from the Hong Kong Monetary Authority ("HKMA") to FSTB in April 2018 and whether HKMA would consider staff reduction in view of the transfer of responsibility. Dr KWOK asked whether Hong Kong's financial commitment to AIIB would have an impact on its amount of contribution to ADB, and about the amount of Hong Kong's last contribution to the Asian Development Fund.

12. DS(FS)3 said that:

- (a) given that both ADB and AIIB were multilateral development banks and the potential synergy between the ADB portfolio and the AIIB portfolio, the Administration considered it appropriate for FSTB to oversee Hong Kong's participation in AIIB and ADB in tandem. The Administration understood that the HKMA staff previously responsible for the ADB portfolio were deployed to cover other assignments; and
- (b) the Administration would consider Hong Kong's contributions to ADB and AIIB on a prudent basis and would consult the Legislative Council where appropriate. The Administration last reported in January 2017 to the Panel on Financial Affairs for Hong Kong to contribute a total of US\$17.47 million (about HK\$137.2 million) to the 11th replenishment of the Asian Development Fund over a 10-year period from 2017-2018 to 2026-2027.

Development in Fintech

13. Noting that the Government facilitated Hong Kong's development in innovation and technology ("I&T") through various funding schemes, Mr CHU Hoi-dick sought clarification regarding the division of responsibilities on Fintech development between FSTB and the Innovation and Technology Bureau ("ITB").

14. DS(FS)3 said that while ITB promoted the development of I&T across a wide spectrum, matters relating to Fintech development were within the ambit of FSTB. Where appropriate, FSTB would collaborate with ITB to take forward various initiatives.

Faster Payment System

15. Referring to the development of "Faster Payment System" under HKMA, Dr KWOK Ka-ki enquired about the promulgation of policy and legislation to enhance personal data privacy protection and financial risk management. Dr KWOK requested the Administration to provide further information in writing in this regard.

16. DS(FS)3 explained that Fast Payment System to be launched by HKMA would allow banks and Stored Value Facility ("SVF") service providers to provide cross-institution payment and fund transfer service to their customers. Regarding the use of SVF and retail payment systems, SVF licensees had to comply with provisions under the Payment Systems and Stored Value Facilities Ordinance (Cap.584).

[*Post-meeting note:* The supplementary information provided by the Administration was issued to members vide LC Paper No. FC 306/17-18(01) on 11 July 2018.]

Electronic management platform for Mandatory Provident Fund

17. Mr Jeremy TAM supported the item so as to take forward the initiative of developing an electronic management platform for Mandatory Provident Fund ("eMPF"). Mr TAM opined that the initiative of eMPF should aim at driving down MPF fees to benefit MPF scheme members rather than saving administrative cost of trustees. Mr TAM enquired whether the Administration would charge users of eMPF under the user-pays principle or waive the charges upon commitment of trustees to drive down MPF fees to a certain level. Mr TAM asked whether there

was any initial assessment on the level of MPF fees reduction with the implementation of eMPF.

18. Deputy Secretary for Financial Services and the Treasury (Financial Services)2 ("DS(FS)2") advised that:

- (a) the objective of eMPF was to enhance the efficiency of the MPF system, thereby providing more room for fee reduction to benefit scheme members through the switching from the current predominantly paper-based MPF-related transactions to electronic transactions;
- (b) it was the plan of the Administration to require trustees to pay for using eMPF to cover the operating cost. At present, the Administration was finalizing a set of technical specifications for eMPF targeted for completion by the end of 2018 for consultation with the Panel on Financial Affairs and the seeking of funding approval from FC; and
- (c) the level of reduction in trustees' administrative cost arising from the use of eMPF would have to be assessed after the commencement of operation of the online centralized portal for the handling of MPF transactions.

19. Mr James TO considered that, irrespective of the implementation of eMPF, there should be capacity for the Administration to further reduce the level of fees and expenses of MPF funds. Mr TO asked whether there were further measures to be taken by the Administration in this respect. Mr AU Nok-hin considered that, other than implementation of eMPF, measures such as full portability arrangement and provision of various MPF schemes for selection in the market could help to further reduce MPF fees.

20. DS(FS)2 said that apart from scheme management, trustees were statutorily required to follow up and collect default contributions from employers which would add up to the management cost. The Administration envisaged that the introduction of eMPF, enhancement of scheme efficiency and the fee-controlled Default Investment Strategy ("DIS") (where the fee cap would be reviewed in 3-year time from April 2016) would all contribute to driving down MPF fees further. The average fund expense ratio of MPF funds had dropped from 2.06% in 2007 to 1.56% in August 2017.

21. Dr Fernando CHEUNG questioned the need of the supernumerary directorate post to be created for 3 years with duties related to MPF reform. Dr CHEUNG was of the view that while the Mandatory Provident Fund Schemes Authority ("MPFA") comprised experts for data analyses, policy matters related to MPF reform might be taken up by other directorate level posts in FSTB or the Labour and Welfare Bureau. Dr CHEUNG asked whether the proposed supernumerary post to be created would be retained after 3 years, and how far MPFA and the Department of Justice ("DoJ") would provide input to FSTB in respect of legislative matters related to MPF reform.

22. DS(FS)2 advised that the proposed creation of the supernumerary directorate post was responsible for taking forward relevant legislative work related to MPF reform. The implementation of eMPF and the envisaged abolition of using employers' MPF mandatory contributions to offset long service payment or severance payment would involve legislative amendments to the relevant ordinances. MPFA was the statutory body to regulate and supervise mandatory provident fund schemes and enforce requirements under the MPF Schemes Ordinance (Cap.485), whereas FSTB was to take forward legislative work with input from DoJ, and make policy decisions such as the fee cap level of DIS to be reviewed within 3 years. Whether the supernumerary post should be retained after 3 years would be subject to review.

Class action regime

23. Mr CHAN Chi-chuen was of the view that the responsibilities of directorate level staff of FSTB should cover policy steer and work relating to the introduction of class action regime in Hong Kong with reference to overseas jurisdictions to protect investors against malpractices of listed companies in Hong Kong's securities and futures markets.

24. DS(FS)2 said that the issue of introducing class action into Hong Kong or not straddled across different bureaux. FSTB had provided input to DoJ, which was following up on the relevant recommendations of the Law Reform Commission. As requested by Mr CHAN, FSTB would provide information on the progress of DoJ's follow-up work on the matter.

[Post-meeting note: The supplementary information provided by the Administration was issued to members vide LC Paper No. FC 306/17-18(01) on 11 July 2018.]

Arrangement of scrutiny of this item

25. At 4:55 pm, the Chairman advised that this item had been discussed for 12 minutes at ESC and about one hour at FC. He would conclude the discussion and put the item to vote after all members currently on the wait-to-speak list had spoken.

Voting on FCR(2018-19)26

26. There being no further questions from members, the Chairman put item FCR(2018-19)26 to vote. At the request of members, the Chairman ordered a division, and the division bell was rung for five minutes. The Chairman declared that 47 members voted in favour of and one member voted against the item. The votes of individual members were as follows:

For:

Mr LEUNG Yiu-chung	Mr Tommy CHEUNG Yu-yan
Prof Joseph LEE Kok-long	Mr Jeffrey LAM Kin-fung
Mr WONG Ting-kwong	Ms Starry LEE Wai-king
Mr CHAN Hak-kan	Mr WONG Kwok-kin
Mrs Regina IP LAU Suk-ye	Mr Paul TSE Wai-chun
Ms Claudia MO	Mr Steven HO Chun-yin
Mr Frankie YICK Chi-ming	Mr MA Fung-kwok
Mr CHAN Han-pan	Mr LEUNG Che-cheung
Mr Kenneth LEUNG	Ms Alice MAK Mei-kuen
Dr KWOK Ka-ki	Mr Christopher CHEUNG Wah-fung
Dr Fernando CHEUNG Chiu-hung	Dr Helena WONG Pik-wan
Mr IP Kin-yuen	Dr Elizabeth QUAT
Mr Martin LIAO Cheung-kong	Mr POON Siu-ping
Ir Dr LO Wai-kwok	Mr CHUNG Kwok-pan
Mr Alvin YEUNG	Mr Andrew WAN Siu-kin
Mr CHU Hoi-dick	Mr HO Kai-ming
Mr LAM Cheuk-ting	Mr Holden CHOW Ho-ding
Mr SHIU Ka-fai	Mr SHIU Ka-chun
Mr Wilson OR Chong-shing	Ms YUNG Hoi-yan
Mr CHAN Chun-ying	Mr CHEUNG Kwok-kwan
Mr LUK Chung-hung	Mr LAU Kwok-fan
Mr Jeremy TAM Man-ho	Mr Gary FAN Kwok-wai
Mr AU Nok-hin	Mr Vincent CHENG Wing-shun
Mr Tony TSE Wai-chuen	
(47 members)	

Against:
Dr CHENG Chung-tai
(1 member)

27. The Chairman declared that the item was approved.

Item 2 — FCR(2018-19)22

**RECOMMENDATION OF THE PUBLIC WORKS
SUBCOMMITTEE MADE ON 12 MAY 2018**

PWSC(2018-19)8

HEAD 703 — BUILDINGS

Environmental Hygiene — Retail markets and cooked food centres

**34NM — Installation of air-conditioning system at
Tai Wai Market**

28. The Chairman advised that this item invited the FC to approve the recommendation of the Public Works Subcommittee made at its meeting on 12 May 2018, i.e. the recommendation in PWSC(2018-19)8 regarding the upgrading of 34NM to Category A at an estimated cost of \$109.7 million in money-of-the-day prices for the installation of air-conditioning system at Tai Wai Market. A request for separate voting on the recommendation at the FC meeting had been made by members. The Chairman declared that he was an independent non-executive director of The Bank of East Asia.

Installation of air-conditioning system

29. Mr CHAN Chun-ying, Mr SHIU Ka-fai, Ms YUNG Hoi-yan, Dr Elizabeth QUAT, Mr Holden CHOW expressed support for the item. Ms YUNG Hoi-yan asked why Tai Wai Market would require a full closure period as long as seven months for air-conditioning ("A/C") retrofitting, while private market facilities under the Link Asset Management Limited, e.g. the Kwong Yuen Market, had only taken around three months. Mr Holden CHOW called on the Administration to include in its comprehensive review of existing public markets ways to shorten the full-closure period of markets for A/C retrofitting works in future.

30. Project Director 3, Architectural Services Department ("PD3/ArchSD") said that the period of full-closure was set in consideration of the specific works required for each project. As Tai Wai Market was located on the ground floor of the Grandeur Garden, the improvement works had to be carried out during normal hours of work and

specially designed to overcome technical constraints. Full market closure for seven months was required in Phase 3 for extensive building works for A/C installation and improvement works to existing facilities. The Architectural Services Department ("ArchSD") had worked closely with the Food and Environmental Hygiene Department ("FEHD") and taken a critical review of the management of project workflow and programming so as to further compress the time required from eight to seven months.

31. Instead of commencing the retrofitting works in three phases over 17 months, Mr WU Chi-wai enquired about the feasibility to confine the project works to a period of full-closure of no more than eight to nine months so as to maximize work efficiency and minimize disturbances to the operation of stall tenants.

32. Deputy Director of Food and Environmental Hygiene (Administration and Development) ("DD(AD)/FEHD"), and PD3/ArchSD said that the impact of the works on stall tenants in Phases 1 & 2 which would last for 10 months would be minimal, and the market could continue normal operation during the two phases. Phase 1 would involve the reprovisioning of two existing poultry stalls affected by the installation; and Phase 2 would involve the construction of transformer room and plant room for improvement work on electricity supply. Phase 2 work was located near the market entrance facing the street, and its impact on the operation of the market was minimal.

33. Mr Wilson OR noted the creation of an AOSGC post in FEHD earlier on related to the overseeing of the improvement of public markets. He asked whether the Administration would consider a dedicated task force to be led by that directorate post to ensure that the Tai Wai market project work would be completed as scheduled and not be stalled due to red tape among the relevant departments.

34. DD(AD)/FEHD advised that the creation of the relevant directorate post was to lead a dedicated team to conduct a review of the facilities and management of all public markets. As regards the Tai Wai Market A/C retrofitting project, the ArchSD would monitor its works progress and work closely with FEHD, which would take necessary action if there was a problem to meet the schedule.

Improvement works

35. In respect of the improvement works to building services and other facilities associated with the installation of the A/C system in Tai Wai Market where stalls were provided for live poultry retailing, Mr Gary FAN

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asked whether dehumidifiers, and system for odour and bacteria control would be installed and about the cost breakdown and information on the technical specifications if such installations were covered. He expressed concern as to whether the state-of-the-art design and technology would be adopted in the installations.

36. PD3/ArchSD said that the cost for the live poultry stalls exhaust system had been included and covered under the item building services in the cost breakdown. Water scrubber would be used in live poultry stalls exhaust for effective odour control. ArchSD had also consulted FEHD and understood that water scrubber had been used in many live poultry stalls in FEHD markets and was effective in removing odour. ArchSD would keep abreast of the development of new technology in this regard.

Reprovisioning of live poultry stalls

37. Mr Tommy CHEUNG asked whether the live poultry stalls in Tai Wai Market could be relocated to vacant market facilities in the vicinity. Assistant Director of Food and Environmental Hygiene (Operations)1 ("AD(O)1/FEHD") said that there were two affected live poultry stalls in Tai Wai Market. The reprovisioning of the affected live poultry stalls (in Phase 1) would be carried out in accordance with the regulation provided for live poultry retailing.

Air-conditioning charging arrangements

38. Given that recurrent expenses, including electricity charges and general maintenance costs, were borne by stall tenants on a pro rata basis, Mr CHAN Chun-ying asked whether the Administration would consider capping the rental charges which were likely to rise after the completion of the A/C installation. Mr CHAN expressed concern that the marking up of prices by stall tenants to compensate increased rental and A/C charges would affect the general public in the end.

39. Dr Elizabeth QUAT enquired whether the Administration would consider bearing the A/C charges for common areas in FEHD markets which were by nature a public service, so that stall tenants would only need to pay charges on the basis of the actual size of their stall area. Mr Wilson OR sought clarification as to whether tenants were charged for general maintenance of the public area. Mr HO Kai-ming and Mr LEUNG Yiu-chung considered it unreasonable for stall tenants to bear the A/C charges of common area. Mr HO Kai-ming enquired about the A/C expenses estimated to be borne by stall tenants of Tai Wai Market and the current A/C charges payable by stall tenants of air-conditioned public

markets. Mr LEUNG Che-cheung and Mr LAM Cheuk-ting were of the view that the estimate of some \$660,000 worth of capital costs of the retrofitting work for each of the current 166 stalls of Tai Wai Market borne by the Government should not be considered as a benefit for stallholders but an investment of the Government for public service.

40. In response, the Under Secretary for Food and Environmental Hygiene ("USFH"), Principal Assistant Secretary for Food and Health (Food)2("PAS(F)2"), DD(AD)/FEHD and AD(O)1/FEHD said that:

- (a) under the existing policy, the capital costs for retrofitting A/C systems were borne entirely by the Government, whereas recurrent expenses, including electricity charges and general maintenance costs, were borne by stall tenants pro rata, based on the floor area of their respective stalls under the user-pays principle. Since public areas including passageways were integral parts of the market trading environment, it was reasonable for stall tenants to pay for the relevant A/C expenses on a pro rata basis. Similar practices were commonly adopted in retail environment, e.g. the Housing Department's markets;
- (b) the exact impact of the retrofitting works on the rental and A/C charges (which included general maintenance costs) was to be assessed pending the completion of the tender process. Stall tenants of Tai Wai Market were generally aware of the rate of A/C charges payable by stall tenants of public markets; and
- (c) members' views would be taken into account in the comprehensive review aiming to improve the management and operating environment of public markets. Policy on the relevant charges payable by stall tenants should be applied across-the-board for all public markets.

Assistance to stall tenants

Temporary market and vacant market stalls

41. Mr CHAN Chun-ying enquired whether there was a policy covering the transitional arrangements for stall tenants of project works proposed for upgrading to Category A which would require a full-closure period. Mr LEUNG Che-cheung considered that the provision of temporary market stalls nearby Tai Wai Market for fresh provisions and commodities could

help some stall tenants, if not all, to continue their business. Mr SHIU Ka-fai and Mr Tommy CHEUNG enquired about the vacant stalls in public markets in the vicinity of Tai Wai Market available for consideration by the affected stall tenants. Mr CHAN Chi-chuen asked about the procedure for the application of the vacant stalls by the affected tenants and the progress so far. He asked how FEHD would provide assistance to the affected tenants giving consideration to the merits of each case. Mr Tommy CHEUNG suggested that FEHD could consider negotiating with operators of private market facilities for the rental of vacant stalls to enable continued operation of affected stall tenants.

42. In response, USFH, PAS(F)2, and AD(O)1/FEHD said that:

- (a) there was difficulty to identify a suitable location for the provision of a temporary market during the full-closure period; concerns such as the provision of electrical installations, water supply and drainage system, and other environmental hygiene problems would make the task challenging. FEHD had considered suggestions such as a soccer pitch at the peripheral of Tai Wai next to a primary school and in the vicinity of factory area. FEHD had to take into consideration concerns of the school and residents, among other things;
- (b) as vacant stalls of public markets in the vicinity of Tai Wai (e.g. the Sha Tin Market) were limited in number, affected tenants could consider vacant stalls in all public markets under FEHD during the suspension period at 30% or 50% rental waiver of that vacant stall, or at the tenant's current rental rate whichever was the lower; and
- (c) FEHD would liaise with the affected tenants and provide updated information prior to the full-closure period which was scheduled for the last quarter in 2019.

Access to other public markets

43. Mr LAM Cheuk-ting suggested the provision of temporary shuttle bus services by FEHD to facilitate patrons, especially the elderly and the physically handicapped, to access other public markets nearby Tai Wai, as access via MTR was time consuming and the relevant public light buses, such as 63A to Mei Lam Estate, were often fully loaded especially during rush hours.

44. AD(O)1/FEHD said that, according to the survey conducted by FEHD in the vicinity of Tai Wai Market covering Mei Tin Road, Chik Fai Street, Tai Wai Road and Tsuen Nam Road, it was found that stalls selling fresh vegetable and fruits, cooked meat and household items, supermarkets, and food establishments were easily accessible to patrons. Live fish and raw meat were available in the nearby Mei Lam Market or Lung Hang Market. PAS(F)2 advised that, regarding access to Lung Hang Market and Mei Lam Market, patrons could reach the markets via public light bus 68K and 63A of which the bus fares were considered affordable to members of the general public and the loading capacity was sufficient to cope with the demand from patrons. During rush hours, the light bus operators could arrange additional buses. In response to Mr LAM Cheuk-ting, PAS(F)2 said that FEHD noted the problem of illegal occupation of private premises by shops and stallholders in the vicinity of Tai Wai Market affecting pedestrian flow. FEHD would enhance environmental hygiene maintenance and enforcement action in the area.

Rental waiver and ex-gratia payments

45. Mr Gary FAN, Mr SHIU Ka-fai, Ms YUNG Hoi-yan, Dr Elizabeth QUAT, Mr LEUNG Che-cheung and Dr Fernando CHEUNG held the view that the Administration should consider ex-gratia payments or enhanced additional rental waiver equivalent to the full-closure period to assist Tai Wai Market stall tenants and their employees to sustain their livelihood. The prevailing policy of an additional rental waiver upon the re-opening of the market subject to a cap of two months was inadequate. Dr Fernando CHEUNG and Mr CHAN Chi-chuen said that the fact that affected tenants did not have to pay the rental for the full-closure period could not be considered as a "waiver" as their business was suspended during the period. Mr CHAN Chi-chuen considered that rental waiver alone might not be sufficient to make up the economic loss of the tenants affected, and requested the Administration to provide information on the rental charges of the public markets under FEHD. Mr LEUNG Yiu-chung urged the Administration to provide ex-gratia payments for the affected stall tenants and their employees and questioned whether they would support the improvement projects.

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46. Mr Gary FAN asked whether the \$2 billion funding earmarked for implementing the Market Modernization Programme ("MMP") would cover the provision of ex-gratia payments or compensation to assist affected stall tenants of the relevant improvement works in public markets, if not, the Administration should consider such inclusion. Mr Tommy CHEUNG opined that the Government should enhance the funding earmarked for MMP so as to take into account the provision of financial

assistance to affected stall tenants. Dr Fernando CHEUNG considered that financial planning for public market improvement works should factor in the provision of ex-gratia payments for the affected stall tenants and their employees. Mr CHAN Chi-chuen said that FEHD should accord special consideration to the impact of temporary market closure on the tenants' employees and formulate policy or administrative measures to assist them, such as the setting up of a fund for financial assistance to help them sustain their livelihood.

47. In response, USFH, PAS(F)2, DD(AD)/FEHD said that:

- (a) the Administration would apply rental waiver in accordance with the existing policy. Over the first two phases of the retrofitting works during which the Tai Wai Market would continue normal operation for about 10 months, tenants were allowed a 50% rental waiver (viz. equivalent to a total rental waiver of 5 months). In the final phase of the 7-month full market closure, full rental waiver would be granted to tenants with an additional full rental waiver capped at 2 months when the market re-opened. In sum, the total of rental waiver amounted to 14 full months. The rental charges of FEHD markets payable by tenants were within the range from around \$3,000 to \$9,000;
- (b) FEHD had conducted a questionnaire survey in 2014 to gauge the views of the Tai Wai Market stall tenants on the works project. Having a support rate of 97% of the tenants, a feasibility study was conducted and the planning of the retrofitting work commenced with the endorsement of the Market Management Consultative Committee. Stall tenants had expressed a common view that the project be commenced as early as possible and were informed of a full-closure of the market in Phase 3. There was no discussion with the tenants' employees in the consultation; and
- (c) the \$2 billion funding earmarked for implementing MMP did not cover the provision of ex-gratia payments or compensation for stall tenants. The installation of A/C in Tai Wai Market was the first of its kind. The Administration would take heed of members' views and explore possible assistance to affected tenants and patrons in respect of the Tai Wai Market project and similar projects in future.

48. Ms YUNG Hoi-yan asked why the additional full rental waiver was capped for two months and not more. DD(AD)/FEHD replied that the additional full rental waiver was set not according to the length of the suspension period but was meant to help stalls ramp up business as it would take time for patrons to resume their visits to the market when it re-opened.

49. Dr Elizabeth QUAT asked whether FEHD would launch publicity to attract patrons when the market re-opened. USFH and PAS(F)2 replied in the affirmative and said that it was the target of the Administration to increase the competitiveness of public markets with a holistic hardware-cum-software approach for the benefit of the general public.

Energy conservation

Admin

50. Mr CHAN Chun-ying sought explanation as to why, when compared to the Kai Tak Station Square and San Po Kong public rental housing development projects, the proposed item had higher energy savings (i.e. 7.6%) in the annual energy consumption while the payback period (i.e. 8.5 years) was longer. PD3/ArchSD said that the length of the payback period would be subject to the installation costs of individual projects.

Project Cost

51. Mr Wilson OR asked whether the capital cost (\$109.7 million) of the proposed works at Tai Wai Market was covered in the \$2 billion earmarked for MMP and whether the consultants engaged for contract administration at an estimate of \$3.7 million would be required to ensure timely completion of the project.

52. PAS(F)2 and PD3/ArchSD said that the capital cost of the proposed project was to be funded separately on top of the \$2 billion under MMP. The \$3.7 million for contract administration covered, among others, the consultant's fee in design and monitoring of work progress. In the selection of contractor, apart from cost, the Administration would also consider their past performances including the aspect on progress control. ArchSD would also inform FEHD of the work progress.

53. The meeting was suspended at 6:04 pm and resumed at 6:09 pm.

Arrangement of scrutiny of this item

54. At 6:46 pm, the Chairman advised that he would conclude the discussion and put the item to vote after all members currently on the

wait-to-speak list had spoken. At 6:58 pm, the Chairman directed that the meeting be extended for 15 minutes.

Motion proposed by a member under paragraph 37A of the Finance Committee Procedure

55. At 7:06 pm, FC voted on whether a [motion](#) proposed by Dr Fernando CHEUNG under paragraph 37A of the Finance Committee Procedure should be proceeded with forthwith. At the request of members, the Chairman ordered a division. The Chairman declared that the question on proceeding with the motion forthwith was negatived.

Voting on FCR(2018-19)22

56. The Chairman put item FCR(2018-19)22 to vote. At the request of members, the Chairman ordered a division, and the division bell was rung for five minutes. The Chairman declared that 34 members voted in favour of and one member voted against the item. The votes of individual members were as follows:

For:

Mr James TO Kun-sun	Mr Tommy CHEUNG Yu-yan
Prof Joseph LEE Kok-long	Mr WONG Ting-kwong
Ms Starry LEE Wai-king	Mr CHAN Hak-kan
Mr Paul TSE Wai-chun	Mr Steven HO Chun-yin
Mr Frankie YICK Chi-ming	Mr WU Chi-wai
Mr Charles Peter MOK	Mr CHAN Chi-chuen
Mr LEUNG Che-cheung	Mr Kenneth LEUNG
Ms Alice MAK Mei-kuen	Dr Fernando CHEUNG Chiu-hung
Dr Helena WONG Pik-wan	Dr Elizabeth QUAT
Mr POON Siu-ping	Ir Dr LO Wai-kwok
Mr Alvin YEUNG	Mr Andrew WAN Siu-kin
Mr CHU Hoi-dick	Mr HO Kai-ming
Mr LAM Cheuk-ting	Mr Holden CHOW Ho-ding
Mr Wilson OR Chong-shing	Ms YUNG Hoi-yan
Mr CHAN Chun-ying	Mr LUK Chung-hung
Mr KWONG Chun-yu	Mr Jeremy TAM Man-ho
Mr Gary FAN Kwok-wai	Mr AU Nok-hin

(34 members)

Against:

Dr CHENG Chung-tai
(1 member)

57. The Chairman declared that the item was approved.
58. The meeting ended at 7:12 pm.

Legislative Council Secretariat
12 December 2018