

立法會
Legislative Council

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Finance Committee of the Legislative Council

Minutes of the 7th meeting
held at Conference Room 1 of the Legislative Council Complex
on Friday, 6 December 2019 from 4:01 pm to 6:55 pm

Members present:

Hon CHAN Kin-por, GBS, JP (Chairman)
Hon CHAN Chun-ying, JP (Deputy Chairman)
Hon James TO Kun-sun
Hon LEUNG Yiu-chung
Hon Tommy CHEUNG Yu-yan, GBS, JP
Prof Hon Joseph LEE Kok-long, SBS, JP
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon WONG Ting-kwong, GBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon CHAN Hak-kan, BBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon WONG Kwok-kin, SBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Claudia MO
Hon Steven HO Chun-yin, BBS
Hon Frankie YICK Chi-ming, SBS, JP
Hon WU Chi-wai, MH
Hon YIU Si-wing, BBS
Hon MA Fung-kwok, SBS, JP
Hon Charles Peter MOK, JP
Hon CHAN Chi-chuen
Hon CHAN Han-pan, BBS, JP

Hon LEUNG Che-cheung, SBS, MH, JP
Hon Kenneth LEUNG
Hon Alice MAK Mei-kuen, BBS, JP
Dr Hon KWOK Ka-ki
Hon KWOK Wai-keung, JP
Hon Dennis KWOK Wing-hang
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
Dr Hon Helena WONG Pik-wan
Hon IP Kin-yuen
Hon Elizabeth QUAT, BBS, JP
Hon Martin LIAO Cheung-kong, GBS, JP
Hon POON Siu-ping, BBS, MH
Dr Hon CHIANG Lai-wan, SBS, JP
Ir Dr Hon LO Wai-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, BBS, JP
Hon HO Kai-ming
Hon Holden CHOW Ho-ding
Hon SHIU Ka-chun
Hon Wilson OR Chong-shing, MH
Hon YUNG Hoi-yan, JP
Dr Hon Pierre CHAN
Hon Tanya CHAN
Hon CHEUNG Kwok-kwan, JP
Hon HUI Chi-fung
Hon LUK Chung-hung, JP
Hon LAU Kwok-fan, MH
Hon Kenneth LAU Ip-keung, BBS, MH, JP
Dr Hon CHENG Chung-tai
Hon KWONG Chun-yu
Hon Jeremy TAM Man-ho
Hon Gary FAN Kwok-wai
Hon AU Nok-hin
Hon Vincent CHENG Wing-shun, MH, JP
Hon Tony TSE Wai-chuen, BBS
Hon CHAN Hoi-yan

Members absent:

Hon Abraham SHEK Lai-him, GBS, JP
Hon Michael TIEN Puk-sun, BBS, JP
Hon Junius HO Kwan-yiu, JP
Hon LAM Cheuk-ting
Hon SHIU Ka-fai, JP

Public officers attending:

Mr James Henry Lau Jr, JP	Secretary for Financial Services and the Treasury
Ms Alice LAU Yim, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Mr Raistlin LAU Chun, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Mr Mike CHENG Wai-man	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Mrs Alice CHEUNG CHIU Hoi-yue, JP	Deputy Secretary for Transport and Housing (Housing)
Mr Steven LEE Shing-hei	Administrative Officer (Strategic Planning), Housing Department
Mr NGAI Kin-hing	Senior Housing Manager (Rent and Special Services), Housing Department
Dr Edward CHENG Chi-hung	Principal Assistant Secretary for Financial Services and the Treasury (Treasury)(H)
Dr CHOI Yuk-lin, JP	Under Secretary for Education
Mrs CHAN SIU Suk-fan	Deputy Secretary for Education (4)
Ms Michelle LAM Wai-yip	Assistant Director of Social Welfare (Social Security)
Ms Alice WONG May-yin	Principal Executive Officer (Working Family Allowance Office), Working Family and Student Financial Assistance Agency
Dr Bernard CHAN Pak-li, JP	Under Secretary for Commerce and Economic Development

Ms Betty HO Siu-ping	Deputy Secretary for Commerce and Economic Development (Commerce and Industry) ³
Ms Ophelia TSANG Oi-lin	Deputy Director-General of Trade and Industry (Bilateral Trade, Controls and Industries Support), Trade and Industry Department
Mr Joshua LAW Chi-kong, GBS, JP	Secretary for the Civil Service
Mr Thomas CHOW Tat-ming, JP	Permanent Secretary for the Civil Service
Ms Amy WONG Pui-man, JP	Deputy Secretary for the Civil Service (2)
Mr Benjamin MOK Kwan-yu	Principal Assistant Secretary for the Civil Service (Pay and Leave)

Other persons attending:

Mr Raymond LI Ling-cheung, JP	Executive Director and Chief Executive Officer, The Hong Kong Mortgage Corporation Limited
Ms Tess LEUNG	Executive Director and Chief Executive Officer, HKMC Insurance Limited
Ms Irene MOK	Vice President (SFGS Operations), HKMC Insurance Limited

Clerk in attendance:

Ms Anita SIT	Assistant Secretary General 1
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Staff in attendance:

Ms Angel SHEK	Chief Council Secretary (1)1
Miss Bowie LAM	Council Secretary (1)1
Miss Queenie LAM	Senior Legislative Assistant (1)2
Mr Frankie WOO	Senior Legislative Assistant (1)3
Miss Yannes HO	Legislative Assistant (1)7

- Item 1** — **FCR(2019-20)39**
- HEAD 62** — **HOUSING DEPARTMENT**
Subhead 700 **General non-recurrent**
New Item **"Rent payment for public housing tenants"**
- HEAD 147** — **GOVERNMENT SECRETARIAT :**
FINANCIAL SERVICES AND THE TREASURY
BUREAU (THE TREASURY BRANCH)
Subhead 700 **General non-recurrent**
Item 881 **Electricity charges subsidy for eligible residential**
accounts
- HEAD 156** — **GOVERNMENT SECRETARIAT :**
EDUCATION BUREAU
Subhead 700 **General non-recurrent**
New Item **"Provision of a subsidy to day-school students in**
2019/20 school year"
- HEAD 170** — **SOCIAL WELFARE DEPARTMENT**
Subhead 700 **General non-recurrent**
New Item **"One-off extra allowance to social security**
recipients"
- HEAD 173** — **WORKING FAMILY AND STUDENT**
FINANCIAL ASSISTANCE AGENCY
Subhead 700 **General non-recurrent**
New Item **"One-off extra allowance to Working Family**
Allowance recipients"; and "One-off extra
allowance to Individual-based Work Incentive
Transport Subsidy recipients"
- HEAD 152** — **GOVERNMENT SECRETARIAT :**
COMMERCE AND ECONOMIC
DEVELOPMENT BUREAU (COMMERCE,
INDUSTRY AND TOURISM BRANCH)
Subhead 700 **General non-recurrent**
New Item **"SME Financing Guarantee Scheme – 90%**
Guarantee Product"

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HEAD 181	— TRADE AND INDUSTRY DEPARTMENT
Subhead 700	General non-recurrent
Item 836	Dedicated Fund on Branding, Upgrading and Domestic Sales
Item 524	Export Marketing and Trade and Industrial Organisation Support Fund

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

Continuation of the discussion on FCR(2019-20)39

2. The Chairman said that the Finance Committee ("FC") would continue with the deliberation on the implementation of a package of measures announced by the Financial Secretary ("FS") involving a total estimated expenditure of \$21,695 million to relieve people's financial burden and support enterprises, especially the small and medium enterprises ("SMEs"), in Hong Kong. The Chairman advised that at the last meeting, FC had spent five hours and 35 minutes on the discussion of the item, and he had then directed that FC would vote on whether to proceed with the four motions proposed by members under paragraph 37A of the Finance Committee Procedure ("FCP") at the current meeting after the five members who had indicated to speak on the item had spoken for the last round.

Electricity charges subsidy for eligible residential accounts

3. Noting an increase of commitment by \$5,569 million to provide for a one-off electricity charges subsidy to eligible residential households, Mr CHU Hoi-dick opined that the period of time in which an amount of subsidy would be credited to the residential electricity account of eligible households by instalments should be shortened so as to provide more immediate financial relief for people. Mr CHU sought information on the data relating to the level of monthly electricity consumption of the residential electricity accounts of the two electricity companies. Mr CHU called on the Administration to consider covering eligible SMEs in its electricity charges subsidy scheme.

4. Permanent Secretary for Financial Services and the Treasury (Treasury) ("PS(Tsy)") took note of Mr CHU's views and said that it would be considered as appropriate in future. She also agreed to provide

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the information requested for members' reference upon receiving the same from the two electricity companies.

[*Post-meeting note:* The supplementary information provided by the Administration was issued to members vide LC Paper No. FC44/19-20(01) on 9 December 2019.]

One-off extra allowance to social security recipients and Working Family Allowance recipients

5. Mr SHIU Ka-chun did not object to the proposal but queried about the adequacy of the approach to provide one-off extra allowances for comprehensive social security assistance ("CSSA") recipients as financial relief measure. Mr SHIU remarked that pursuant to the reduction of the standard rate for able-bodied adults in 1996 when the standard rates under the CSSA Scheme were revamped, the standard rate for able-bodied adults and that for able-bodied recipients aged under 65 were further reduced respectively in 1999 and 2019. Mr SHIU called on the Administration to instigate a comprehensive study on the adequacy of the current standard rates under the CSSA Scheme.

6. Assistant Director of Social Welfare said that as discussed at the meeting of the Panel on Welfare Services on 11 November 2019, the Administration had proposed "pro-employment" and other improvement measures under the CSSA Scheme with a view to strengthening the support for CSSA recipients.

Support measures for small and medium enterprises

7. Mr Gary FAN enquired about the number of applications and the amount of funding approved under the Dedicated Fund on Branding, Upgrading and Domestic Sales ("BUD Fund"); and the breakdown by the number of applications under the Mainland Programme and the Association of Southeast Asian Nations ("ASEAN") Programme. To avoid tilting business opportunities under the BUD Fund towards the Mainland market, Mr FAN asked how far local enterprises would be assisted to explore and tap markets of other economies with which Hong Kong had signed Free Trade Agreements.

8. Under Secretary for Commerce and Economic Development ("USCED") advised that as at 30 September 2019, a total of 4 692 applications were received under the Mainland Programme, among which

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1 986 applications were approved. Of the 602 applications received under the ASEAN Programme as at 30 September 2019, 188 were approved. The amounts of funding approved for the two programmes were \$837.13 million and \$113.38 million respectively. The number of applications under the Mainland programme was higher than that under the ASEAN programme because the Mainland Programme was launched since the BUD Fund's establishment in 2012, whereas the ASEAN programme was launched in August 2018. The extension of the geographical coverage of the BUD Fund from the Mainland to ASEAN markets, and now to economies with which Hong Kong had signed Free Trade Agreements was meant to enhance the support for enterprises to develop overseas markets. USCED added that the introduction of the new 90% guarantee product would assist smaller-sized enterprises and local enterprises with less operating experience.

9. Mr Alvin YEUNG asked whether fund applications were processed manually case by case; and if so, whether the Administration had any plan to enhance efficiency in the handling of funding applications by soliciting state-of-the-art technology in computer processing. Mr YEUNG said that some private fund companies had enabled the processing of fund applications in seconds by engaging artificial intelligence.

10. Deputy Director-General of Trade and Industry (Bilateral Trade, Controls & Industries Support) advised that the Administration would enhance operational arrangement of the BUD Fund and the SME Export Marketing Fund ("EMF") by upgrading the electronic platform for fund applications in mid-2020 with a view to simplifying the relevant procedures and enhancing efficiency in the handling of applications. Currently, the applications of the BUD Fund were vetted case by case to assess their eligibility, feasibility and practicality. As regards EMF, it operated on a reimbursement basis.

11. Mr WU Chi-wai noted that there was an increasing number of enterprises moving their production line away from the Mainland and establishing their branding in ASEAN markets under the escalating trade conflict between China and the United States. Mr WU asked about the relevant measures and performance indicators, if any, in providing assistance to SMEs to develop their brands locally so that they would have a solid domestic foundation to buttress their branding effort overseas. Mr WU considered that, in the forthcoming budget proposal, FS should prioritize policy to assist the local economic sectors across-the-board, and stimulate the local economy and consumer spending by inbound visitors.

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12. USCED advised that while some enterprises had relocated their production base to the Mainland or ASEAN economies, part of their business operations, for example, product development, design and other professional support remained in Hong Kong. The BUD Fund and EMF provided financial support to assist these enterprises in developing brands and enhancing their competitiveness, as well as exploring business opportunities in overseas markets. As regards performance indicators, project completion surveys had been conducted to assess the effectiveness of the funding schemes. The Administration would seek to enhance the effectiveness of the funding schemes, while taking care not to impose over-rigid requirements on the grantees.

13. Secretary for Financial Services and the Treasury advised that two rounds of measures were announced by FS in August and September 2019 to relieve people's financial burden, support enterprises (especially SMEs) and safeguard jobs. The Administration would deploy fiscal reserves to provide additional fiscal stimuli to the economy as recommended in the 2019 Article IV Consultation by the International Monetary Fund Staff Mission. The Administration had embarked on the public consultation for the 2020-2021 budget. The Administration would adopt a strategic and forward-looking approach with a view to continuing to support enterprises, safeguard jobs, stimulate the economy and relieve people's financial burden.

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

14. At 4:23 pm, FC started to vote on whether the four motions proposed by members under paragraph 37A of the Finance Committee Procedure ("FCP 37A motions") should be proceeded with forthwith. The Chairman put to vote the questions, one by one, that these FCP 37A motions should be proceeded with forthwith. At the request of members, the Chairman ordered a division on each question. Immediately after the Chairman had announced that FC decided against proceeding with the third FCP 37A motion proposed by Mr IP Kin-yuen, Mr Steven HO moved without notice a motion under paragraph 47 of the Finance Committee Procedure that in the event of further divisions being claimed in respect of any motions or questions under the same agenda item, FC should proceed to each of such divisions immediately after the division bell had been rung for one minute. At the request of members, the Chairman ordered a division, and the motion was [carried](#).

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

Member proposing the motion	Serial number of motion	Motion be proceeded with forthwith
Mr CHAN Chi-chuen	0001	Negatived
Mr AU Nok-hin	0002	Negatived
Mr IP Kin-yuen	0003	Negatived
Dr Fernando CHEUNG	0004	Negatived

Voting on FCR(2019-20)39

16. The Chairman put the five proposals in item FCR(2019-20)39 to vote separately.

(a) providing one month's rent for lower-income tenants living in the public rental units of the Hong Kong Housing Authority and the Hong Kong Housing Society

17. The Chairman declared that 50 members voted for and 1 member voted against the item. No member abstained from voting. The votes of individual members were as follows:

For:

Mr LEUNG Yiu-chung
Mr Jeffrey LAM
Dr Priscilla LEUNG
Mrs Regina IP
Ms Claudia MO
Mr Frankie YICK
Mr MA Fung-kiok
Mr CHAN Han-pan
Ms Alice MAK
Mr KWOK Wai-keung
Mr Christopher CHEUNG
Dr Helena WONG
Mr Martin LIAO
Dr CHIANG Lai-wan
Mr CHUNG Kwok-pan
Mr Andrew WAN
Mr Jimmy NG

Mr Tommy CHEUNG
Mr WONG Ting-kiok
Mr WONG Kwok-kin
Mr Paul TSE
Mr Steven HO
Mr YIU Si-wing
Mr CHAN Chi-chuen
Mr LEUNG Che-cheung
Dr KWOK Ka-ki
Mr Dennis KWOK
Dr Fernando CHEUNG
Ms Elizabeth QUAT
Mr POON Siu-ping
Ir Dr LO Wai-kiok
Mr Alvin YEUNG
Mr CHU Hoi-dick
Mr HO Kai-ming

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Mr Holden CHOW
Mr Wilson OR
Dr Pierre CHAN
Ms Tanya CHAN
Mr Kenneth LAU
Mr Jeremy TAM
Mr AU Nok-hin
Mr Tony TSE
(50 members)

Mr SHIU Ka-chun
Ms YUNG Hoi-yan
Mr CHAN Chun-ying
Mr LUK Chung-hung
Mr KWONG Chun-yu
Mr Gary FAN
Mr Vincent CHENG
Ms CHAN Hoi-yan

Against:

Dr CHENG Chung-tai
(1 member)

18. The Chairman declared that the said proposal was approved.

(b) provision of a one-off electricity charges subsidy to eligible residential households

19. The Chairman declared that 49 members voted for and 1 member voted against the item. No member abstained from voting. The votes of individual members were as follows:

For:

Mr LEUNG Yiu-chung
Mr Jeffrey LAM
Dr Priscilla LEUNG
Mrs Regina IP
Ms Claudia MO
Mr Frankie YICK
Mr MA Fung-kiwok
Mr CHAN Han-pan
Ms Alice MAK
Mr KWOK Wai-keung
Dr Fernando CHEUNG
Ms Elizabeth QUAT
Mr POON Siu-ping
Mr Dr LO Wai-kiwok
Mr Alvin YEUNG
Mr CHU Hoi-dick
Mr HO Kai-ming
Mr SHIU Ka-chun

Mr Tommy CHEUNG
Mr WONG Ting-kiwok
Mr WONG Kwok-kin
Mr Paul TSE
Mr Steven HO
Mr YIU Si-wing
Mr CHAN Chi-chuen
Mr LEUNG Che-cheung
Dr KWOK Ka-ki
Mr Christopher CHEUNG
Dr Helena WONG
Mr Martin LIAO
Dr CHIANG Lai-wan
Mr CHUNG Kwok-pan
Mr Andrew WAN
Mr Jimmy NG
Mr Holden CHOW
Mr Wilson OR

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Ms YUNG Hoi-yan	Dr Pierre CHAN
Mr CHAN Chun-ying	Ms Tanya CHAN
Mr LUK Chung-hung	Mr Kenneth LAU
Mr KWONG Chun-yu	Mr Jeremy TAM
Mr Gary FAN	Mr AU Nok-hin
Mr Vincent CHENG	Mr Tony TSE
Ms CHAN Hoi-yan	
(49 members)	

Against:
Dr CHENG Chung-tai
(1 member)

20. The Chairman declared that the said proposal was approved.

(c) provision of a subsidy for each day-school student in the 2019/20 school year

21. The Chairman declared that 51 members voted for and 1 member voted against the item. No member abstained from voting. The votes of individual members were as follows:

<i>For:</i>	
Mr LEUNG Yiu-chung	Mr Tommy CHEUNG
Mr Jeffrey LAM	Mr WONG Ting-kwong
Dr Priscilla LEUNG	Mr WONG Kwok-kin
Mrs Regina IP	Mr Paul TSE
Ms Claudia MO	Mr Steven HO
Mr Frankie YICK	Mr YIU Si-wing
Mr MA Fung-kwok	Mr Charles Peter MOK
Mr CHAN Chi-chuen	Mr CHAN Han-pan
Mr LEUNG Che-cheung	Ms Alice MAK
Dr KWOK Ka-ki	Mr KWOK Wai-keung
Mr Christopher CHEUNG	Dr Fernando CHEUNG
Dr Helena WONG	Mr IP Kin-yuen
Ms Elizabeth QUAT	Mr Martin LIAO
Mr POON Siu-ping	Dr CHIANG Lai-wan
Ir Dr LO Wai-kwok	Mr CHUNG Kwok-pan
Mr Alvin YEUNG	Mr Andrew WAN
Mr CHU Hoi-dick	Mr Jimmy NG
Mr HO Kai-ming	Mr Holden CHOW
Mr SHIU Ka-chun	Mr Wilson OR

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Ms YUNG Hoi-yan	Dr Pierre CHAN
Mr CHAN Chun-ying	Ms Tanya CHAN
Mr LUK Chung-hung	Mr Kenneth LAU
Mr KWONG Chun-yu	Mr Jeremy TAM
Mr Gary FAN	Mr AU Nok-hin
Mr Vincent CHENG	Mr Tony TSE
Ms CHAN Hoi-yan	
(51 members)	

Against:
Dr CHENG Chung-tai
(1 member)

22. The Chairman declared that the said proposal was approved.

(d) providing a one-off extra allowance to recipients of Comprehensive Social Security Assistance, Social Security Allowance, Working Family Allowance and Individual-based Work Incentive Transport Subsidy

23. The Chairman declared that 49 members voted for and 1 member voted against the item. No member abstained from voting. The votes of individual members were as follows:

<i>For:</i>	
Mr LEUNG Yiu-chung	Mr Tommy CHEUNG
Mr Jeffrey LAM	Mr WONG Ting-kwong
Dr Priscilla LEUNG	Mr WONG Kwok-kin
Mrs Regina IP	Mr Paul TSE
Ms Claudia MO	Mr Steven HO
Mr Frankie YICK	Mr YIU Si-wing
Mr MA Fung-kwok	Mr Charles Peter MOK
Mr CHAN Chi-chuen	Mr CHAN Han-pan
Mr LEUNG Che-cheung	Ms Alice MAK
Dr KWOK Ka-ki	Mr KWOK Wai-keung
Dr Fernando CHEUNG	Dr Helena WONG
Mr IP Kin-yuen	Ms Elizabeth QUAT
Mr POON Siu-ping	Dr CHIANG Lai-wan
Mr Dr LO Wai-kwok	Mr CHUNG Kwok-pan
Mr Alvin YEUNG	Mr Andrew WAN
Mr CHU Hoi-dick	Mr Jimmy NG
Mr HO Kai-ming	Mr Holden CHOW
Mr SHIU Ka-chun	Mr Wilson OR

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Ms YUNG Hoi-yan	Dr Pierre CHAN
Mr CHAN Chun-ying	Ms Tanya CHAN
Mr LUK Chung-hung	Mr Kenneth LAU
Mr KWONG Chun-yu	Mr Jeremy TAM
Mr Gary FAN	Mr AU Nok-hin
Mr Vincent CHENG	Mr Tony TSE
Ms CHAN Hoi-yan	
(49 members)	

Against:

Dr CHENG Chung-tai
(1 member)

24. The Chairman declared that the said proposal was approved.

(e) support measures for Small and Medium Enterprises

25. The Chairman declared that 50 members voted for and 2 members voted against the item. No member abstained from voting. The votes of individual members were as follows:

For:

Mr LEUNG Yiu-chung	Mr Tommy CHEUNG
Prof Joseph LEE	Mr Jeffrey LAM
Mr WONG Ting-kwong	Dr Priscilla LEUNG
Mr WONG Kwok-kin	Mrs Regina IP
Mr Paul TSE	Ms Claudia MO
Mr Steven HO	Mr Frankie YICK
Mr YIU Si-wing	Mr MA Fung-kwok
Mr Charles Peter MOK	Mr CHAN Han-pan
Mr LEUNG Che-cheung	Ms Alice MAK
Dr KWOK Ka-ki	Mr KWOK Wai-keung
Dr Fernando CHEUNG	Dr Helena WONG
Mr IP Kin-yuen	Ms Elizabeth QUAT
Mr Martin LIAO	Mr POON Siu-ping
Dr CHIANG Lai-wan	Ir Dr LO Wai-kwok
Mr CHUNG Kwok-pan	Mr Alvin YEUNG
Mr Andrew WAN	Mr CHU Hoi-dick
Mr Jimmy NG	Mr HO Kai-ming
Mr Holden CHOW	Mr SHIU Ka-chun
Mr Wilson OR	Ms YUNG Hoi-yan
Dr Pierre CHAN	Mr CHAN Chun-ying

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Ms Tanya CHAN
Mr Kenneth LAU
Mr Jeremy TAM
Mr AU Nok-hin
Mr Tony TSE
(50 members)

Mr LUK Chung-hung
Mr KWONG Chun-yu
Mr Gary FAN
Mr Vincent CHENG
Ms CHAN Hoi-yan

Against:

CHAN Chi-chuen
(2 members)

Dr CHENG Chung-tai

26. The Chairman declared that the said proposal was approved.

Item 2 — FCR(2019-20)33

2019-20 CIVIL SERVICE PAY ADJUSTMENT

Issues relating to points of order

27. Before discussion on the agenda item, a number of members raised points of order and requested to speak thereon. The Chairman directed that members might each speak on their points of order for not more than one minute.

Separate handling of pay adjustment for police officers

28. Mr AU Nok-hin and Mr Kenneth LEUNG considered that pay adjustment for police officers should be singled out from the item 2019-20 civil service pay adjustment for separate discussion. Dr KWOK Ka-ki pointed out that, under Paragraph 21 of FCP, any member might propose items of business to be included in the agenda of FC meetings. Mr Gary FAN said that subject to Rule 71(13) of RoP, FC could determine its own practice and procedure of Paragraph 27 of FCP. Paragraph 27 provided that if FC did not approve a proposal, the Financial Secretary would then need to consider whether to make a fresh proposal amended in such a way as might make it acceptable to FC.

29. Mr Holden CHOW did not consider it justifiable to single out discussion on pay adjustment for police officers. Mr CHOW called on the Chairman to proceed to discussion of the agenda item.

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Attendance of government representatives at FC meeting

30. Mr CHAN Chi-chuen referred to Paragraph 44 of FCP on the procedure related to the raising of questions by members. Mr CHAN said that representatives from the Security Bureau ("SB") and the Hong Kong Police Force ("HKPF") should be invited to the FC meetings when the item on civil service pay adjustment was discussed. The reason was that representatives from the relevant bureaux in attendance might not be able to provide comprehensive answers to very technical questions raised by members in relation to the pay adjustment of police officers. Mr CHU Hoi-dick said that whether there was a need for FC to invite representatives from SB and HKPF to the next FC meeting would depend on whether the representatives from the Civil Service Bureau ("CSB") would be able to address members' questions raised at the meeting on the item.

Withdrawal of agenda items

31. Mr Alvin YEUNG referred to Paragraph 26 of FCP under which the Government might withdraw an agenda item submitted to FC. Mr YEUNG queried the lack of objective criteria of the Government in its recent decision to withdraw an item on proposed capital subventions for project works to be carried out at three local universities, while refusing to heed some members' suggestion to withdraw and resubmit the 2019-20 civil service pay adjustment proposal so that pay adjustment for police officers could be singled out for separate discussion. Mr KWONG Chun-yu and Mr LEUNG Yiu-chung considered that the Administration should exercise similar discretion in handling the item on civil service pay adjustment. Mr Andrew WAN said that the Administration should explain the criteria for withdrawing a funding proposal which had been included in FC's agenda.

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

- (a) while the Financial Services and the Treasury Bureau would relay members' suggestions to the relevant bureau for consideration, whether or not an item would be withdrawn and resubmitted for discussion would be decided by the lead bureau for the specific item, taking into consideration factors including the nature of the item, the implementation schedule and members' views. For items related to capital works, the relevant bureau might consider whether engaging members to address their concerns on the project details

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would facilitate subsequent discussion at the FC meeting. As regards the suggestion of amending the current agenda item to single out the pay adjustment for a particular grade or department for separate discussion, CSB had already stated the government stance on the matter; and

- (b) the Administration would arrange appropriate representatives from the relevant bureaux and departments to attend FC meetings for individual agenda items. Public officers in attendance would try their best to answer members' questions.

33. The Secretary for the Civil Service ("SCS") advised that, as explained in the respective written replies to Mr CHU Hoi-dick, Dr Fernando CHEUNG and the Democratic Party prior to the meeting, the 2019-20 civil service pay adjustment was proposed according to the established mechanism taking into consideration six relevant factors. The civil service was considered as a whole without any particular consideration for staff of individual departments or grades. CSB did not see any justification for departing from the established mechanism to single out the pay adjustment for police officers for separate deliberation and voting.

34. The Chairman provided a consolidated response to the points of order raised by members. The Chairman considered that the "points of order" raised by members under a specific provision of RoP or FCP were only intended to seek separate discussion of pay adjustment for police officers. The Chairman held that all the questions raised by members were not points of order.

Discussion on FCR(2019-20)33

35. The Chairman remarked that this item invited FC members to approve:

- (A) with effect from 1 April 2019, the following adjustments to the civil service pay scales arising from the 2019-20 civil service pay adjustment:
 - (a) an increase of 4.75% in the dollar value of the pay points in the directorate and upper salary band subject to the pay points referred to in (i) and (ii) below the

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dollar values of which should be as specified:

- (i) Master Pay Scale (MPS) 34 at \$74,515 and MPS 35 at \$75,265 ; and
 - (ii) General Disciplined Services (Officer) Pay Scale (GDS(O)) 20 and Police Pay Scale (PPS) 36 at \$74,390, and GDS(O) 21 and PPS 37 at \$75,135; and
- (b) an increase of 5.26% in the dollar value of the pay points in the middle and lower salary bands;
- (B) corresponding adjustments to the provisions for aided schools;
 - (C) corresponding adjustments to the provisions for the Independent Commission Against Corruption ("ICAC"); and
 - (D) corresponding adjustments to subventions which are price-adjusted on the basis of formulae that include a factor on civil service pay adjustment.

36. At the invitation of the Chairman, Mr KWOK Wai-keung, the Chairman of the Panel on Public Service ("the Panel") briefed members on the discussion of the Panel on the item. Mr KWOK said that the Panel discussed the item at the meeting on 21 June 2019. The Panel generally supported the pay adjustment proposal, which included the "bring-up" arrangement whereby the proposed rate of pay increase for the lower salary band officers was raised to be on par with that for the middle salary band officers. Some members welcomed the setting of a cap on the payroll cost of increments (PCIs) to be deducted from the gross pay trend indicators ("PTI") in response to concerns of the staff side on the PCIs deduction arrangement, so as to prevent further erosion by the rising PCIs. Under the new arrangement, the average PCIs for each salary band from 1989-90 to 2019-20, or the actual PCIs for the particular salary band for the year, whichever was the lower, would be adopted for deriving the net PTI for that salary band. Nevertheless, members held that the PCIs deduction arrangement was unfair to civil servants who were at the maximum pay points of their respective ranks, and called on the Government to conduct an overall review on such arrangement. The Government responded that 74% of the companies surveyed in the 2019 Pay Trend Survey still took

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merit pay into consideration in deciding pay adjustment for their employees. The PCIs deduction arrangement was meant to offset exceptional merit pay which could not be distinguished from general merit pay and in-scale increment in the private sector. The Government considered that there were insufficient justifications to cease the PCIs deduction arrangement. Members also urged the Government to prioritize the civil service pay adjustment proposal for the deliberation and approval of FC as soon as possible.

Factors of consideration for pay adjustment

Performance of civil servants

37. Mr Andrew WAN, Mr KWONG Chun-yu, Mr Alvin YEUNG, Dr Helena WONG, and Mr LEUNG Yiu-chung noted that a survey published today by the Hong Kong Public Opinion Programme on the popularity figures of Hong Kong disciplinary forces indicated that HKPF scored the lowest rating among nine disciplinary forces, with 40% of the sample giving the police force zero mark. In view of the strong public opinion against the performance of the police force, the above members urged CSB to reconsider members' suggestion to separately deliberate on the pay adjustment for police officers from the item on the 2019-20 civil service pay adjustment. Dr Helena WONG, on behalf of the Democratic Party, and Mr LEUNG Yiu-chung said that while they had no objection to the item in general, CSB should exercise flexibility by singling out for discussion the pay adjustment for police officers so that the proposed pay adjustment for other civil servants could be approved by FC as early as possible.

38. Mr LEUNG Yiu-chung said that performance of civil servants should be factored in when considering civil service pay adjustment. Mr Andrew WAN asked whether the Administration would take into account the public's feedback and expectation on the performance of police officers in considering the latter's pay adjustment. Mr CHAN Chi-chuen queried the existing mechanism for assessing civil service pay adjustment. He said that civil service morale, which was one of the six factors considered, could not be generalized.

39. SCS reiterated that the proposed 2019-20 civil service pay adjustment was an annual exercise conducted in accordance with the established mechanism under which six relevant factors would be taken into account. The civil service was considered as a whole without any

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particular consideration for staff performance of individual departments or grades. The Administration did not see any justification for departing from the established mechanism to handle pay adjustment for police officers separately. In addition, the decision of 2019-20 civil service pay adjustment was made in June 2019, and the factors considered covered the 12-month period from April 2018 to April 2019. Factors relevant to the period from April 2019 onwards would be considered in the 2020-21 civil service pay adjustment exercise.

Conduct of civil servants

40. Dr Helena WONG sought SCS' comment on some police officers' excessive use of force against protestors and their use of offensive language. Dr WONG noted that the behaviour of some police officers had incited public hatred against HKPF. The refusal of the Government to set up independent inquiry to investigate the police's handling of protestors during the recent movement had further aggravated the matter. Mr LEUNG Yiu-chung said that SCS should be held accountable for the performance of civil servants. He expressed concern about the strong dissatisfaction of the public against the performance of police officers.

41. Dr Priscilla LEUNG and Mr Holden CHOW supported the Administration to adhere to the six factors in its consideration of civil service pay adjustment as a whole. That said, Dr LEUNG reminded SCS to follow up on those cases whereby some individuals and protestors arrested by the police were allegedly identified to be civil servants from various departments. Dr LEUNG expressed dissatisfaction that some staff members of the Department of Justice and some civil service teachers had overtly expressed their views against the Government on issues relating to the proposed legislative amendments to the Fugitive Offenders Ordinance (Cap. 503); and staff of the Food and Environmental Hygiene Department had not been efficient in removing illegally affixed bills and posters related to the protests.

42. Mr Holden CHOW reminded SCS to adhere to the established mechanism and continue to follow up on cases against those civil servants who were alleged to have participated in unlawful assemblies or violent activities, or made remarks openly to discredit "one country, two systems". Mr CHOW expressed dissatisfaction that some teachers of aided schools, whose salary point was pegged to that of the civil service pay scale, were reported to have used hate speech against police officers. That said, Mr CHOW remarked that he would not object to the Administration's

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stance to propose the item as a whole without singling out any sector for consideration.

43. In response, SCS said that the Government had all along been handling civil service disciplinary matters in accordance with rules and regulations of the civil service under the established mechanism. He would not comment on individual cases. Under the established mechanism, complaints against civil servants would be handled by their respective departments. There were different means to assess and appraise performance of civil servants under the established mechanism. In reply to Dr Helena WONG, SCS said that complaints against police officers would be followed up by the Commissioner of Police as the Head of Department (“HoD”) of HKPF.

Pay relativities of disciplinary services

44. Mr Andrew WAN said that the dollar value of the starting salary point of police constable (\$24,110) and inspector (\$42,665 to \$45,305) were both higher than that of fireman (\$21,285) and station officer (\$39,310 to \$43,845). Noting that the death rate of fire officers was the highest among other disciplined services grades in the past 10 years, Mr WAN asked whether the setting of salary scales of the disciplined services grades would take into account factors such as risk level and public expectations.

45. SCS advised that the existing pay structure and conditions of service of the disciplined services, as well as the pay relativities among them had been established over the years through various in-depth studies and reviews undertaken by relevant independent committees. In this regard, the Chief Executive-in-Council decided to conduct a Grade Structure Review for the disciplined services grades in October 2018 which would review, among others, the pay scales of the disciplined services grades, taking into account their specific work nature, job duties, risk level and other relevant considerations.

Expenditure on the civil service pay adjustment

46. Mr CHAN Chi-chuen enquired about the additional expenditure incurred in the current financial year, and the percentage of the additional expenditure accounted for by HKPF if the proposed 2019-20 civil service pay adjustment was approved.

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47. Referring to paragraph 28 of the discussion paper FCR(2019-20)33, SCS replied that the total financial implications for the Government in 2019-20 were about \$12.4 billion. The actual additional expenditure to be incurred in the current financial year would be reflected in the relevant revised estimate. SCS undertook to provide a written response on the additional expenditure accounted for by HKPF if the proposed 2019-20 civil service pay adjustment was approved.

[*Post-meeting note:* The supplementary information provided by the Administration was issued to members vide LC Paper No. FC 51/19-20(01) on 13 December 2019.]

48. Mr Gary FAN remarked that the monthly salary of Commissioner of Police (around \$290,000) and Chief Superintendent of Police (between around \$148,000 and \$162,000) had respectively exceeded that of the President of the United States, and the President of France and Taiwan. Dr Priscilla LEUNG said that the ex-Chief Executives in 2003 and 2009 had voluntarily reduced their salary in view of the economic slowdown then. She suggested that the incumbent Chief Executive and the Secretaries should follow suit. SCS said that he would convey the views to the Chief Executive for consideration.

Expenditure on overtime allowance

49. Mr Gary FAN asked whether police officers would be granted Disciplined Services Overtime Allowance ("DSOA") for the off-duty hours during which they discharged duties by using extendable batons or pepper sprays; if so, the number of hours and amount of overtime allowance involved. Mr Alvin YEUNG asked whether there was a cap on the maximum DSOA claimable by a police officer per month.

50. SCS advised, according to the Civil Service Regulations, overtime work undertaken by police officers would normally be compensated by time-off in lieu. When the granting of time-off was impracticable within 30 days of the date on which OT was worked, payment of DSOA to eligible officers might be approved. While a total of \$20.2 billion was provided under Subhead 000 (Operational expenses) for salaries, allowances and other operating expenses of HKPF, the amount of payment for DSOA in the 2019-20 financial year would be reflected in the revised estimate. SCS added that whether DSOA was granted to police officers for discharging duties during their off-duty hours was irrelevant to the item on civil service pay adjustment.

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51. Permanent Secretary for the Civil Service ("PSCS") advised that HoDs would set a ceiling for OT hours (normally 60 hours) which an officer might undertake in a month. Moreover, HoDs could exercise flexibility in scheduling OT work beyond the ceiling for OT hours subject to operational needs and practical conditions. CSB did not have information on the amount of DSOA granted to police officers. In reply to the Chairman, PSCS said that the amount of expenditure on OT allowances of individual departments was not a relevant consideration under the established annual civil service pay adjustment mechanism.

52. Mr AU Lok-hin asked about the expenditure of DSOA for police officers from June 2019 up to present; and whether there was adequate provision for HKPF to cover the relevant expenditure. Noting that the Commissioner of Police had appointed a number of Correctional Services Department ("CSD") staff members as special constables in November 2019, Mr AU asked whether the salary (including DSOA) of these deployed staff was charged under the expenditure head of HKPF or CSD.

53. SCS said that according to SB, the expenditure on OT allowance was incurred under Subhead 000 (Operational expenses) of HKPF which covered salaries, allowances and other operating expenses. CSB did not have the actual figure of the expenditure on DSOA of HKPF as the data was irrelevant to the six factors under the established annual civil service pay adjustment mechanism. SCS undertook to provide a written response to Mr AU's enquiry.

[*Post-meeting note:* The supplementary information provided by the Administration was issued to members vide LC Paper No. FC 51/19-20(01) on 13 December 2019.]

54. The meeting was suspended at 5:58 pm and resumed at 6:15 pm.

55. Mr Alvin YEUNG, Ms Claudia MO and Mr CHAN Chi-chun considered that expenditure on DSOA for police officers was relevant to the item as DSOA was calculated in proportion to an officer's pay point. An increment in dollar value of the pay points would mean a corresponding upward adjustment in the amount of DSOA, which would have an impact on the total expenditure. Ms MO and Mr CHAN sought clarification as to whether DSOA claimed by police officers after 1 April 2019 would be calculated and back-paid according to the adjusted salary points. SCS responded in the affirmative.

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56. Mr CHU Hoi-dick asked whether the Police Welfare Fund ("the Fund") established under the Police Force Ordinance (Cap. 232), which might be used for compensating police officers for extra services provided by them, could be used to pay for police officers' DSOA; and, if so, had any DSOA been paid to police officers under the Fund since June 2019 and whether the payment was pegged to the salary point of the relevant police officer.

57. SCS said that according to the information provided by SB, DSOA of police officers was incurred under Subhead 000 (Operational expenses) for salaries, allowances and other operating expenses. No DSOA for police officers had been paid under the Fund since June 2019. In response, Mr CHU Hoi-dick said that the legal issue as to whether the Fund could be used to pay for police officers' DSOA should be clarified.

58. Mr Alvin YEUNG and Mr CHAN Chi-chun considered that CSB was not able to provide comprehensive answers in response to members' questions at the meeting. They requested that representative(s) from SB and HKPF be invited to the next FC meeting for discussion of the item and to give response to members' concerns relating to the pay adjustment of police officers.

59. The meeting ended at 6:55 pm.

Legislative Council Secretariat
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