

立法會  
*Legislative Council*

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**Notes on the Special Briefing for Finance Committee Members  
on Thursday, 7 March 2002, at 10:00 am  
in the Chamber of the Legislative Council Building**

**Members present:**

Dr Hon Philip WONG Yu-hong, Chairman of the Finance Committee (Convenor)  
Hon NG Leung-sing, JP Deputy Chairman of the Finance Committee  
Hon Kenneth TING Woo-shou, JP  
Hon James TIEN Pei-chun, GBS, JP  
Hon David CHU Yu-lin, JP  
Hon Cyd HO Sau-lan  
Hon Albert HO Chun-yan  
Ir Dr Hon Raymond HO Chung-tai, JP  
Hon LEE Cheuk-yan  
Hon Eric LI Ka-cheung, JP  
Hon Fred LI Wah-ming, JP  
Hon Margaret NG  
Hon Mrs Selina CHOW LIANG Shuk-ye, JP  
Hon James TO Kun-sun  
Hon CHEUNG Man-kwong  
Hon HUI Cheung-ching, JP  
Hon CHAN Kwok-keung  
Hon CHAN Yuen-han, JP  
Hon CHAN Kam-lam  
Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP  
Hon LEUNG Yiu-chung  
Hon SIN Chung-kai  
Hon Andrew WONG Wang-fat, JP  
Hon WONG Yung-kan  
Hon Jasper TSANG Yok-sing, JP  
Hon Howard YOUNG, JP  
Hon Mrs Miriam LAU Kin-ye, JP  
Hon Ambrose LAU Hon-chuen, GBS, JP  
Hon Emily LAU Wai-hing, JP

Hon CHOY So-yuk  
Hon Andrew CHENG Kar-foo  
Hon SZETO Wah  
Hon Timothy FOK Tsun-ting, SBS, JP  
Hon TAM Yiu-chung, GBS, JP  
Dr Hon TANG Siu-tong, JP  
Hon Abraham SHEK Lai-him, JP  
Hon LI Fung-ying, JP  
Hon Henry WU King-cheong, BBS  
Hon Tommy CHEUNG Yu-yan, JP  
Hon Michael MAK Kwok-fung  
Hon LEUNG Fu-wah, MH, JP  
Dr Hon LO Wing-lok  
Hon Frederick FUNG Kin-kee  
Hon IP Kwok-him, JP  
Hon LAU Ping-cheung  
Hon Audrey EU Yuet-mee, SC, JP  
Hon MA Fung-kwok

**Public officers attending:**

Mr Antony LEUNG, GBS, JP	Financial Secretary
Miss Denise YUE, GBS, JP	Secretary for the Treasury
Mr Stanley YING, JP	Deputy Secretary for the Treasury
Mr K T LI	Principal Assistant Secretary for the Treasury
Mr Howard LEE	Administrative Assistant to Financial Secretary
Mr K K LAM	Principal Executive Officer (General), Finance Bureau

**Staff in attendance:**

Ms Pauline NG	Assistant Secretary General 1
Miss Polly YEUNG	Chief Assistant Secretary (1)3
Miss Yvonne YU	Senior Assistant Secretary (1)4

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The Convenor welcomed the Secretary for the Treasury (S for Tsy), Miss Denise YUE, and her colleagues to the briefing. He also informed Members that the Financial Secretary (FS), Mr Antony LEUNG, would join the meeting at about 10:45 am.

### **Presentation on 2002-03 Estimates of Expenditure**

2. S for Tsy outlined the salient features of the 2002-03 Estimates of Expenditure as follows :

- (a) Government expenditure was budgeted to grow in real term by 2% over the original Estimates, or 7.7% over the revised Estimates for 2001-02, against a forecast 1% real growth in Gross Domestic Product (GDP) for 2002.
- (b) On recurrent public expenditure by policy area groups in 2002-03, "environment and food" would have the highest increase of 9.6% in real terms over the revised Estimates for 2001-02. This reflected, inter alia, additional spending on monitoring food safety. Expenditure on "social welfare" would increase by 9%, followed by the "economic" area which would have an increase of 8.3% mainly attributed to a series of measures to address the unemployment problem.
- (c) On total government expenditure by policy area groups for 2002-03, the highest estimated expenditure was on "education", which accounted for \$61.39 billion, or 24.1% of the estimated total government expenditure.
- (d) Total savings achieved under the Enhanced Productivity Programme (EPP) from 2000-01 to 2002-03 was \$5.4 billion, representing a cumulative saving of 5.2% of baseline expenditure which slightly exceeded the original target of 5%.

3. Upon FS's arrival, the Chairman invited questions from Members.

### **Fiscal Reserves**

4. Mr James TIEN and Ms Emily LAU welcomed FS's revised target level of Fiscal Reserves in the light of the prevailing economic conditions.

5. Mr SIN Chung-kai highlighted the effect of market volatility on the outturn of the investment income on the Fiscal Reserves. To minimize the effect of fluctuating investment income on the Fiscal Reserves, he suggested

that the Finance Bureau (FB) should explore other options with the Hong Kong Monetary Authority (HKMA), such as budgeting the investment income on a moving average basis. In response, S for Tsy advised that the Administration had examined various options including Mr SIN's suggestion but had come to the view that it would not be appropriate to introduce new arrangements for 2002-03. However, she assured Members that the current arrangements would be kept under regular review by FB in consultation with HKMA.

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6. Mr LAU Ping-cheung referred to the investment income on Fiscal Reserves shown under "Recurrent Revenue" and "Capital Revenue" (Chart 9 of S for Tsy's briefing materials) and enquired about the basis for calculating the income for 2001-02 and 2002-03. S for Tsy undertook to provide the information after the meeting. For elucidation, she explained that the balance of the Land Fund and the General Revenue Account made up about 90% of the Fiscal Reserves and the investment income on this portion of the Fiscal Reserves was included under "Recurrent Revenue". The balance of the Capital Works Reserve Fund made up the bulk of the remaining 10% and the investment income on this portion was included under "Capital Revenue". The assumed rate of return on investment earnings was 4% in 2002-03 and 5.5% in 2003-04 to 2006-07.

*(Post-meeting note : The information was provided and circulated to members vide LC Paper FC56/01-02 dated 16 March 2002)*

### **Controlling expenditure growth**

7. Mr TAM Yiu-chung noted that one of the targets set by FS was to reduce public expenditure to 20% of GDP or below by 2006-07. He was concerned about the impact of the target on individual departments and the measures to be taken to achieve the target. In response, S for Tsy confirmed that it was the Administration's objective to reduce the real growth in government expenditure to an average of 1.5% each year from 2003-04 to 2006-07, lower than the forecast trend economic growth rate. Possible ways to meet the target would include work process re-engineering, restructuring, reviewing the need for existing services and the mode of service delivery etc. Based on the experience of the EPP in which a number of departments had exceeded the prescribed target, S for Tsy was confident that controlling officers would make the best endeavours to ensure the cost-effective use of public funds.

8. Mr LEE Cheuk-yan was worried that the provision of services to the public would be curtailed and civil service pay would be substantially cut in order to meet FS's target. Miss CHAN Yuen-han and Ms Audrey EU were also concerned that the Government would rely primarily on civil service pay reduction to control expenditure growth instead of exploring other cost-saving measures. In response, S for Tsy stressed the need to cap government

expenditure so as to achieve a "small" government and to avoid taking up too large a share of the economy. She assured Members that the Administration would look into all possible options to control expenditure.

### **Shortfall in operating revenue**

9. On the forecast operating revenue, Mr LEE Cheuk-yan and Ms Cyd HO questioned how the significant increase from \$150.6 billion in 2001-02 to \$208.9 billion in 2006-07 could be achieved.

10. In response, FS and S for Tsy pointed out that the bulk of the forecast increase in operating revenue would come from the growth in the economy since there was a clear link between many of the Government's major revenue sources and the economy. Notwithstanding, to restore fiscal balance, the Administration would still need to increase recurrent revenue or reduce recurrent expenditure by \$2 billion from 2003-04 onwards, with another \$3.5 billion required from 2004-05 onwards and a further \$3.5 billion from 2005-06 onwards. Apart from the Boundary Facilities Improvement Tax proposed to be introduced in 2003-04, the Government would also need to consider other options to deal with the identified gap, the details of which would be worked out and announced in the Budgets of subsequent years. Regarding green taxes, while the Administration had no plan to set up a Task Force to study green taxes, S for Tsy recalled that the EFB had recently consulted the relevant Panel on its proposal to impose landfill charges based on the "user pays" principle.

### **Old Age Allowance**

11. Mr Fred LI asked whether the Administration had plans to review and increase the amount of Old Age Allowance as he considered that elderly persons could not benefit too much under the various relief measures proposed in the Budget. In response, FS stressed that under the current economic climate, any proposed increase in recurrent expenditure must be considered with great caution. He had therefore proposed a series of relief measures on a one-off, instead of a permanent, basis. Nevertheless, the Government was committed to providing a safety net to cater for people's basic livelihood needs. He added that people's financial burden might have been eased as a result of the fall in general prices in the past two years.

### **Public housing**

12. In reply to Mr CHAN Kam-lam's enquiry, S for Tsy confirmed that as the Review of Institutional Framework for Public Housing was still underway, the financial implications of the recommendations of the Review could not be

reflected in the 2002-03 Estimates. She pointed out that government expenditure on housing was relatively small because expenditure incurred by the Housing Authority (HA) was not included. Separate funding request would be made to the Finance Committee as necessary if a decision on the merger of the existing Home Starter Loan Scheme and the Home Purchase Loan Scheme was made.

#### **Assumed reduction in civil service pay**

13. In reply to Mr HUI Cheung-ching's enquiry, S for Tsy confirmed that the 4.75% assumed reduction in civil service pay and the salary-related portion of subventions had not been included in the Estimates of Expenditure proposed under the Appropriation Bill 2002. This was because the results of the current annual Pay Trend Survey (PTS) would not be available until May 2002 and if it was decided that civil service pay would be reduced, a Bill would need to be introduced and passed by the Legislative Council. However, the assumed reduction had been included in FS's Medium Range Forecast for financial planning purposes.

14. On behalf of Members of the Liberal Party, Mr James TIEN expressed appreciation and support for the Budget, in particular the stated target of reducing public expenditure to 20% of GDP or below. He agreed that the needs of disadvantaged groups should not be compromised in any effort of the Administration to reduce public expenditure. Mr TIEN enquired whether the study on civil service pay currently undertaken by the Civil Service Bureau was independent of the annual PTS. S for Tsy confirmed that the aforesaid study and the annual PTS were separate issues and that the Budget had not taken into account any possible findings of the study as it was still underway.

15. Mr Michael MAK Kwok-fung considered it inappropriate to assume a 4.75% reduction in civil service pay pending the outcome of the annual PTS and was gravely concerned about the impact on the morale of the civil service. As pay adjustment was an annual exercise, Mr MAK queried the rationale for taking into account the cumulative civil service pay rises since July 1997 in deriving the 4.75% reduction. Mr LEE Cheuk-yan questioned the respective weighting of the PTS, staff morale and the Government's budgetary position in the consideration of civil service pay adjustment. Ms Emily LAU asked whether the reduction of 4.75% would apply across the board to all levels of civil servants.

16. In response, FS and S for Tsy reiterated that the 4.75% reduction was only an assumption for financial planning purposes and a decision on civil service pay adjustment had not yet been taken. They also stressed that apart from the PTS, the existing mechanism for civil service pay adjustment also took into account other relevant factors including the financial position of the

Government and staff morale.

17. On the legislative process to effect the reduction in civil service pay, Ms Audrey EU sought elaboration on the arrangements and enquired whether implementation of pay reduction would tie in with the impending accountability system and other work re-engineering exercises.

18. In response, S for Tsy advised that streamlining and re-engineering work processes were ongoing activities which would be carried out irrespective of any decision on pay adjustments. On the need for legislation, S for Tsy explained that since the Second World War, there had not been any reduction in civil service pay although there had been pay freezes. According to the legal advice given to the Government, by the enactment of legislation, any expectation that staff might have that their pay would not be reduced would be displaced. Although the existing contracts between Government and its employees included general provision for the variation of the contracts by Government, legislation would put beyond doubt that a pay reduction was not a breach of contract. However, pending a decision on the matter, the Administration was unable to advise Members on details of the arrangement and the provisions of the proposed Bill at this stage.

19. In reply to Ms Emily LAU's enquiry on how the pay reduction, if implemented, would be accounted for in the Estimates, S for Tsy advised that subject to the relevant Bill being passed by the Legislative Council, the amount of provision equivalent to the reduction in pay would be frozen under each Head in the Estimates.

### **Public works projects**

20. Ms Emily LAU was pleased to note that FS had accepted some of the proposals of the Legislative Council's Cross Party Coalition in his 2002-03 Budget. On the prudent and cost-effective use of public funds, Ms LAU was particularly concerned about the monitoring of changes in project estimates of public works projects.

21. In response, S for Tsy pointed out that in proposing any public works projects, the Administration must be satisfied that the project would be of economic benefits to Hong Kong and that it would be taken forward in the most efficient and effective manner. On monitoring, she stressed that proposals for public works projects were subject to vigorous scrutiny by the Public Works Subcommittee (PWSC) and FC. At present, tenders were invited for some 98% of the projects. In awarding the contract, the technical competence and track record of the bidders would be taken into consideration. In the event the tender outturn price was lower than the project estimate approved by FC, FB would not allow the departments concerned to use the surplus funds for

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purposes outside the scope of the project. In this regard, Ms Emily LAU sought more detailed information on how changes in project estimates were monitored and controlled by the Administration.

*(Post-meeting note: On the instruction of the Chairman of FC, the Secretariat has prepared a paper listing some sample projects for which changes in project estimates are recorded in the Quarterly Report on Public Works Programme. The paper was subsequently circulated to members vide LC Paper No. FC55/01-02 on 14 March 2002. To address some members' concern about the financial position of public works projects and in particular the changes in project estimates, another circular was issued under LC Paper No. FC62/01-02 on 21 March 2002 advising members that the Chairman of FC would allow members to raise questions on projects funded under the Capital Works Reserve Fund during the relevant session of special FC meetings.)*

22. Dr Raymond HO referred to the large discrepancy in the original estimate versus the outturn price of the Penny's Bay project and the T7 project and drew the Administration's attention to the need for more accurate project estimates. He also enquired on whether and how provision had been earmarked for the Harbour Area Treatment Scheme (HATS). In response, S for Tsy advised that the estimated expenditure for the HATS had been included in the Government's share (i.e. about \$400 billion) of the estimated \$600-billion infrastructural works programme to be undertaken over a 15-year or so timeframe. On the income side, it was the Government's policy to recover from users the recurrent cost of sewage treatment. It was anticipated that upon implementation of the HATS, the Government would incur a higher recurrent cost in sewage treatment. Any increase in sewage-related charges, if considered necessary, would be effected by way of subsidiary legislation.

### **The Government's financial position**

23. Mr Albert HO considered that to enable Members to better assess the Government's budgetary position, the Administration should provide information on the values of its assets such as land, tunnels and other major facilities, as well as its liabilities, both actual and contingent. He also sought further information on the changes in accounting system to be adopted by the Administration in preparing its accounts and Estimates.

24. In response, S for Tsy informed Members that the Government would start to prepare its Annual Accounts under both the existing cash accounting convention and the new accrual accounting system from the accounts for the 2002-03 financial year, and that the first set of accrual annual account would be published by November 2003. Under the accrual accounts, the value of the Government's assets as well as the Government's liabilities, including those



relating to civil service pensions, would be set out. The Government's Annual Estimates, however, would continue to be prepared on a cash basis only. As to whether it was possible to release preliminary information on the Government's assets and liabilities, S for Tsy expressed difficulty as a valuation exercise had yet to be carried out to ascertain the values of the fixed assets.

25. As to why the revised Estimates of Government Expenditure in 2001-02 were lower than the Approved Estimates by about \$13 billion, S for Tsy explained that it was attributed to a number of factors. On the non-recurrent side, it was mainly due to lower spending in non-recurrent accounts, such as the Loan Fund for various assistance schemes for home-buyers and for financial assistance to students, as well as the lower tender outturn prices for public works projects. On the recurrent side, this was mainly attributable to controlling officers' efforts to control costs.

26. In response to Dr Raymond HO's question on the Government's plan to privatize its holding of the two railway corporations for generating revenue, FS referred Members to the Capital Financing Statement in Appendix A of the Budget. He confirmed that a capital revenue of \$15 billion, \$10 billion and \$10 billion had been budgeted for 2002-03, 2004-05 and 2005-06 respectively from MTR share offer and the sale of other government assets. As regards resources earmarked for promoting innovation and technology, he advised that the expenditure chargeable to the Innovation and Technology Fund to finance projects to help promote innovation and technology upgrading in manufacturing and service industries was also given in the said Statement.

### **Public bodies**

27. Mr Andrew CHENG Kar-foo queried whether public bodies such as the two railway corporations and the Mandatory Provident Fund Schemes Authority should also cap their expenditure and review the remuneration for top management staff. In this connection, FS confirmed that the Administration had already commissioned a consultancy study on the remuneration of senior management of public bodies. As regards the \$34.82 billion appropriated to Head 177 - Subventions : Non-Departmental Public Bodies, S for Tsy and FS clarified that most of the subvented bodies were in the social services and education sectors. Statutory bodies such as the two railway corporations, the HKMA etc were financially autonomous bodies and their expenditures were outside the scope of the Annual Estimates of Expenditure.

### **Enhancing efficiency and streamlining procedures**

28. Ms Emily LAU was concerned about the bureaucratic hierarchy which had rendered services such as street cleaning highly uneconomical. In response, S for Tsy admitted that in some areas, there might still be room for further improvement. Individual controlling officers would be in a position to provide the necessary information during the special FC meetings.

29. Mrs Selina CHOW thanked FS for identifying tourism as an important economic sector. On enhancing efficiency, Mrs CHOW referred to the example of Alfresco dining and expressed concern about the Government's lengthy decision-making process and red-tapes. She also urged for greater collaboration between the public and private sectors in providing better services.

30. Acknowledging Mrs CHOW's concerns, FS advised that government departments would be requested to review the need for regulation and to simplify and streamline procedures. For example, to expedite the implementation of public works projects, different government departments had worked together to shorten pre-construction preparatory work from the previous seven years to about three and a half years. FS said that he would welcome views from Members and the community on further measures to enhance government efficiency and streamline procedures. Dr Raymond HO expressed his view that the existing procedures for public works projects could be further expedited.

### **Revenue proposals and concessions**

31. Mr Tommy CHEUNG said that the catering industry welcomed FS's proposed one-off concessions on business registration fees, water and sewage charges and the trade effluent surcharge. Mr CHEUNG was nevertheless concerned that the increase in wine duty would render wine expensive and give tourists a wrong impression that prices in Hong Kong were high. He also queried the reasons for forecasting an increase of \$1.2 billion in revenue from Betting Duty when betting turnover on horse racing had fallen in recent years and asked whether the Administration had in fact assumed the passage of the Gambling (Amendment) Bill.

32. On providing a legal avenue for soccer betting and deriving tax revenue, Mr Andrew CHENG considered that the social cost of this approach far outweighed the resultant revenue and urged the Administration to examine the issue carefully before arriving at a decision.

33. FS responded that with a view to minimizing the impact on the general public, the Administration would propose to increase taxes which were

relatively less related to people's livelihood. He confirmed that the revenue proposals had not taken into account any income arising from imposing a duty on soccer betting should soccer betting be regulated. However, if the economy improved over time, FS remarked that people might take a greater interest in horse racing, thus increasing the share of revenue from Betting Duty. Although the Administration was still considering ways to tackle illegal soccer betting more effectively, including options that might bring additional revenue, a policy decision on the subject had not been taken.

34. Ms Cyd HO considered that the proposal to waive/reduce sewage charges, trade effluent surcharge and fresh water flushing charges were not conducive to environmental protection. Addressing her concern, S for Tsy said that having due regard to the environmental implications, the Administration had therefore proposed to implement the concessions as one-off measures for a period of 12 months only.

35. Mrs Selina CHOW was pleased to note that a Goods and Services Tax (GST) would not be introduced for the time being. To allay the worry of the community at large, Mrs CHOW sought the Administration's assurance that it would not consider imposing the GST if other measures could attain FS's target of containing expenditure growth and restoring fiscal balance. In response, FS said that while it might not be necessary to introduce the GST if other measures could work well, the Administration would still need to study this option for implementation if necessary.

36. Noting that FS's proposal to freeze government fees and charges would not apply to any new fees which were in the pipeline, Dr LO Wing-lok enquired on details of such new fees. In reply, FS advised that any new fees and charges would be proposed by individual policy secretaries and the relevant information would be provided to members in due course.

### **Boundary Facilities Improvement Tax**

37. Mr IP Kwok-him remarked that FS's Budget was generally well received in the community. On the proposed Boundary Facilities Improvement Tax, he was concerned whether the Tax, if implemented, would in fact constrain the flow of people and trade between Hong Kong and the Mainland. Mr IP was also concerned that the proposed Tax would add to the burden of low-income earning people who had to travel between the two places as the fare of the Kowloon-Canton Railway (KCR) was already very high.

38. In response, FS reiterated that the Boundary Facilities Improvement Tax was not intended to deter cross-boundary flow of people and trade. Instead, the Administration considered cross-boundary communications an important activity, as evidenced by its capital investments in the related infrastructural

works. In suggesting that the Tax could be set at \$18, the Administration had taken into account the recommendation of the Advisory Committee on New Broad-based Taxes which had made reference to the level of the existing sea departure tax. As regards KCR fare, FS said that the KCR Corporation was a financially autonomous body which determined its own fare structure in accordance with prudent commercial principles. The level of KCR fares and the proposed Boundary Facilities Improvement Tax were separate issues.

39. Mr IP Kwok-him and Mr CHAN Kam-lam pointed out that the problem at Lo Wu was that people were not allowed to cross the boundary by other means other than KCR. They suggested that the Administration should explore the feasibility of transport access by minibus, taxi or private car before going through immigration. FS advised that the suggestion would need to be studied by the relevant bureaux/departments.

40. Mr SZETO Wah recalled that the proposed Boundary Facilities Improvement Tax was formerly known as land departure tax. With the change in name, he asked how much revenue derived from the Tax would actually be spent on improving boundary facilities. In response, FS advised that improvement of cross-boundary passenger and cargo flows had always been one of the Government's prime objectives, as evidenced in the massive ongoing and planned improvement works at the Lo Wu and Lok Ma Chau Control Points, as well as the Shenzhen Western Corridor.

41. Mr Howard YOUNG said that the tourism sector welcomed the introduction of the Boundary Facilities Improvement Tax. However, he was concerned about the administrative cost incurred from collecting the Tax and asked the Administration to explore ways to minimize such cost so that the revenue derived could be put into effective use. S for Tsy noted his concern and confirmed that the Administration would make use of technologies like the Octopus Card and explore other cost-effective options.

### **Unemployment problem**

42. Mr LEUNG Yiu-chung was gravely concerned about the unemployment rate which was forecast to rise further. He questioned the efficacy of the market economy in solving the unemployment problem and urged for a more active role on the part of the Government.

43. In response, FS re-affirmed his view that the market could create job opportunities more effectively and efficiently than the Government. Regarding the Government's role in the economy, he considered that the Government should have a clear vision of the direction of economic development and implement policies conducive to creating a favourable market environment. FS pointed out that the development of the externally-oriented economic

sectors of financial services, logistics, tourism and producer and professional services, as well as the local community economy, could promote domestic consumption and create employment opportunities.

44. On Mr LEUNG Yiu-chung's view that the Government should provide impetus to industries (such as construction) with high unemployment rates, FS said that public works/infrastructural projects should not be implemented purely for the sake of creating jobs, but for enhancing the overall benefit of Hong Kong. In this connection, he considered that the \$600-billion infrastructural projects earmarked for the next 15 years as recently outlined by the Chief Executive should be taken forward as they would bring economic benefits to Hong Kong.

45. On the role of the Government to take appropriate measures to secure projects beneficial to the economy as a whole when the private sector was not ready to invest in them, Miss CHAN Yuen-han was concerned about the specific measures to be taken, including any possible tax concession.

46. Mr Frederick FUNG Kin-kee questioned the efficacy of the inter-bureau working group on the development of the local community economy in coming up with timely solutions to tackle the unemployment problem.

47. In response, FS stressed that the main impetus to create employment opportunities should come from the private sector. The inter-bureau working group chaired by him would unlikely commission large scale studies. Any appropriate measures identified to address the unemployment problem would be pursued by the relevant government departments without having to await the completion of the work of the inter-bureau working group.

### **Youth Work Experience and Training Scheme**

48. Mr Tommy CHEUNG said that the catering industry was supportive of the Youth Work Experience and Training Scheme. Mr Frederick FUNG also expressed support for the Scheme as it would provide on-the-job training for young people.

49. In response to Mr NG Leung-sing's enquiry on the Scheme, FS advised that a commitment of \$400 million would be proposed for implementing the two-year scheme. Under the Scheme, employers would be subsidized for part of the wages paid to the trainees during the period of training. While the detailed arrangements were yet to be finalized by the Education and Manpower Bureau in consultation with the business sector, the initial response from employers was favourable. As regards the place of work of the trainees, FS said that initially, the Administration would not rule out the possibility of the trainees working in the Mainland. FS also assured Members that the Scheme

would be closely monitored to ensure that employers would not displace their existing staff as a result of engaging trainees under the Scheme.

### **Local community economy**

50. In response to Mr WONG Yung-kan's enquiry on measures to promote the development of the local community economy, FS advised that as local community economy covered a wide range of activities and many different types of players, extensive consultation with the community and Members would be undertaken to map out the way forward. Initially, FS was of the view that improving existing policies or regulatory framework could help facilitate certain economic activities.

51. As there were over 200 000 foreign domestic helpers currently working in Hong Kong, Mr NG Leung-sing asked whether consideration would be given to formulating suitable measures to make available some of these positions to local people so as to alleviate the existing unemployment problem. FS confirmed that this was one of the issues to be studied by the Administration.

52. Miss CHAN Yuen-han pointed out that in formulating measures to develop local community economy, the inter-bureau working group chaired by FS should also involve the community. In response, FS assured Members that the working group would solicit input from various sectors of the community through various channels, including district councils and local organizations.

### **Logistics and tourism**

53. Mr Kenneth TING considered that the measures proposed in the Budget would help create a favourable business environment. In particular, he welcomed the Government's move away from the positive non-interventionist approach. In reply to Mr TING's enquiry on measures to promote the development of the logistics industry in the face of keen competition, FS advised that these would include enhancing infrastructural facilities, the development of high-value-added logistics parks at convenient locations in Hong Kong and the use of information technology to establish a common platform to facilitate data exchange among participants in the logistics industry.

54. Mr CHAN Kam-lam referred to Lei Yu Mun which used to be a famous tourist attraction and expressed concern about deterioration of places of attraction and related facilities. FS responded that the Government was prepared to carry out renovation or restoration projects for places of attraction if they could bring economic benefits to Hong Kong. The Administration would welcome Members' suggestions in this respect.

55. The Convenor thanked FS and his colleagues for attending the briefing.
56. The briefing ended at 1:00 pm.

Legislative Council Secretariat  
26 June 2002