

立法會
Legislative Council

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Finance Committee of the Legislative Council

**Minutes of the 10th meeting
held at the Legislative Council Chamber
on Friday, 26 April 2002, at 2:30 pm**

Members present:

Dr Hon Philip WONG Yu-hong (Chairman)
Hon NG Leung-sing, JP (Deputy Chairman)
Dr 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 CHEUNG Man-kwong
Hon HUI Cheung-ching, JP
Hon CHAN Kwok-keung
Hon CHAN Yuen-han, JP
Hon Bernard CHAN
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
Dr Hon YEUNG Sum
Hon YEUNG Yiu-chung, BBS
Hon LAU Kong-wah
Hon Miriam LAU Kin-ye, JP

Hon Ambrose LAU Hon-chuen, GBS, JP
Hon CHOY So-yuk
Hon Andrew CHENG Kar-foo
Hon SZETO Wah
Hon Timothy FOK Tsun-ting, SBS, JP
Hon LAW Chi-kwong, 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 Albert CHAN Wai-yip
Hon LEUNG Fu-wah, MH, JP
Dr Hon LO Wing-lok
Hon WONG Sing-chi
Hon IP Kwok-him, JP
Hon LAU Ping-cheung
Hon Audrey EU Yuet-mee, SC, JP
Hon MA Fung-kwok

Members absent:

Hon Kenneth TING Woo-shou, JP
Hon James TIEN Pei-chun, GBS, JP
Hon Martin LEE Chu-ming, SC, JP
Dr Hon David LI Kwok-po, GBS, JP
Dr Hon LUI Ming-wah, JP
Hon James TO Kun-sun
Hon LAU Chin-shek, JP
Hon LAU Wong-fat, GBS, JP
Hon Emily LAU Wai-hing, JP
Hon Frederick FUNG Kin-kee

Public officers attending:

Mr Stanley YING, JP
Mrs Fanny LAW, JP
Mr J D WILLIS

Deputy Secretary for the Treasury
Secretary for Education and Manpower
Controller, Student Financial Assistance
Agency

Mrs DO Pang Wai-yee	Principal Assistant Secretary for Education and Manpower (4)
Mrs Pamela M W TAN, JP	Commissioner for Labour
Mr Stanley K K NG	Senior Labour Officer of Labour Department
Mrs Rachel CARTLAND, JP	Principal Assistant Secretary for Education and Manpower (5)
Mr IP Hong Yi	Centre Director, Information Technology Training and Development Centre, Vocational Training Council
Mrs Cherry TSE, JP	Deputy Secretary for Education and Manpower
Mr Clement LEUNG	Principal Assistant Secretary for Education and Manpower (1)
Mr Lawrence KWAN	Project Coordinator of Education and Manpower Bureau

Clerk in attendance:

Ms Pauline NG Assistant Secretary General 1

Staff in attendance:

Miss Polly YEUNG Chief Assistant Secretary (1)3
Miss Yvonne YU Senior Assistant Secretary (1)4

Item No. 1 - FCR(2002-03)5

**RECOMMENDATIONS OF THE PUBLIC WORKS SUBCOMMITTEE
MADE ON 3 APRIL 2002**

The Committee approved the proposal.

Item No. 2 - FCR(2002-03) 6

HEAD 173 - STUDENT FINANCIAL ASSISTANCE AGENCY

- ◆ Subhead 001 Salaries
 - ◆ Subhead 700 General other non-recurrent
- New Item "Continuing Education Fund"**

2. Members noted that the present proposal had been discussed by the Panel on Manpower on 20 December 2001 and 21 March 2002.

3. Mr YEUNG Yiu-chung said that Members of the Democratic Alliance for Betterment of Hong Kong (DAB) supported the proposed Continuing Education Fund (CEF) and asked whether the adequacy of the maximum subsidy of \$10,000 per person would be examined in the review of the CEF to be conducted not later than one year after its implementation.

4. In response, the Secretary for Education and Manpower (SEM) advised that the CEF was set up with a view to encouraging continuing education by subsidizing part of the course fees. The level of assistance at \$10,000 per person had been set with reference to the fee level of courses currently available in the market. As such, SEM said that there was a high likelihood of maintaining this maximum level of subsidy.

5. Miss Margaret NG questioned the underlying consideration for selecting the industry specific sectors of logistics, financial services, China business and tourism for subsidy under the CEF. In response, SEM advised that the CEF would serve a dual objective of encouraging life-long learning and preparing the local work force for an information economy. However, as the total expenditure for continuing education amounted to some \$14 billion a year, it was necessary to set appropriate parameters on the coverage of courses to ensure that they would genuinely benefit Hong Kong's economic transformation. The business community had been consulted on the four selected sectors and in his 2002-03 Budget, the Financial Secretary had identified them as important sectors conducive to the economic development of Hong Kong. SEM further pointed out that the scope of courses covered by the CEF was indeed very broad. For example, although information technology (IT) was not one of the specific sectors, courses in IT application in the aforesaid four sectors would be eligible for subsidy. Training on generic skills was not confined to any specific sectors.

6. Regarding Miss Margaret NG's concern about the need for trained manpower in the four industry specific sectors and whether people would be prepared to pursue studies in these areas, SEM reiterated that the CEF aimed at encouraging people to upgrade themselves by pursuing studies which would better equip them for the economic transformation. The four specified sectors were fast growing with an ongoing need for trained manpower. As to whether other forms of training which might not be of any immediate economic benefit but which might enhance the calibre of a person should also be encouraged, SEM confirmed that in recognition of the importance of the quality of individuals, the Administration had decided to include training on generic skills as eligible courses under the CEF.

7. In reply to the Chairman's enquiry about quality assurance and safeguards against abuse, SEM advised that a number of Focus Groups comprising representatives of the respective sectors would be set up to advise

on the competencies required in the sectors. An open invitation would be issued for interested course providers to propose relevant courses which in turn would need to be assessed by the Hong Kong Council for Academic Accreditation (HKCAA) to determine their eligibility for registration as "reimbursable courses". The HKCAA would assess whether the courses would be able to deliver the competencies identified by the Focus Groups. HKCAA and the Student Financial Assistance Agency would conduct inspections to ensure that the courses were properly delivered. Providing false information to obtain assistance under the CEF was an offence liable on conviction to a fine and imprisonment.

8. On whether the CEF would give impetus to course providers in offering more relevant courses, SEM said that as the CEF aimed at encouraging life-long learning through direct subsidy to the course participants, it was likely that the market would respond to such a demand. Apart from the continuing education arms of universities, SEM expected that other course providers would also participate and provide a wide range of courses.

9. On the requirement on applicants to submit their claims for subsidy under the CEF within two years from the date their account was opened, SEM explained that when a person applied for the CEF, he would need to submit proof of course registration. On one hand, the Administration saw the need to set a time limit for claiming reimbursement to avoid funds being locked up in idle accounts at the expense of other potential applicants. On the other hand, as most of the applicants would likely be in employment, a reasonable period should be allowed for them to complete their studies. Hence, the Administration had set a two-year period for claiming reimbursement.

10. The Committee approved the proposal.

Item No. 3 - FCR(2002-03)7

HEAD 90 - LABOUR DEPARTMENT

- ◆ **Subhead 000 Operational expenses**
- ◆ **Subhead 700 General other non-recurrent**

New Item "Youth Work Experience and Training Scheme"

11. Members noted that the present proposal had been discussed at the Panel on Manpower on 18 April 2002.

12. Mr WONG Sing-chi expressed support for the present proposal on behalf of Members of the Democratic Party (DP). However, to enable young people to continue with the employment, Mr WONG urged that the monthly training subsidy of \$2,000 should continue to be paid to the employer

concerned beyond the six-month training period if the employer was satisfied with the performance of the trainee and decided to engage the trainee for a longer term. He considered this approach more cost-effective as technically speaking, a young person could participate in the Youth Work Experience and Training Scheme (YWETS) up to four times during the two-year period of the Scheme if he could not find a job upon completion of six months' on the job training.

13. In response, SEM and the Commission of Labour (C for L) confirmed that depending on the needs of individual trades, the period of on the job training could last from six months to one year. Where both parties so agreed, the employer could employ the trainee after completion of the training period. However, SEM stressed that the YWETS was not intended to be used as a form of wage subsidy to employers and care must be taken to ensure that existing staff would not be adversely affected.

14. On Mr WONG Sing-chi's concern that the YWETS would be a replication of the Youth Pre-employment Training Programme (YPTP), SEM pointed out that the two schemes were different. Unlike the YPTP, an employer participating in YWETS would be required to appoint a mentor to guide the trainee throughout the period of training and to grant leave to the trainee for attending training courses.

15. Mr Howard YOUNG said that Members of the Liberal Party (LP) supported the proposed YWETS and would help promulgate the Scheme among their constituencies. On related training for trainees, he asked whether certain flexibility would be allowed in order that the attendance of training would not disrupt the normal operation of the employer. In reply, SEM confirmed that upon mutual agreement, the trainee could attend relevant courses after working hours or on a part-time day-release basis. Such courses would include both existing ones or new programmes.

16. Mrs Sophie LEUNG stressed the need for flexibility if the Scheme was to fulfil its objective of enhancing the employability of young people. She said that while many small and medium enterprises would welcome the entry of young people, every effort should be made to prepare these young people psychologically for the requirements of the fast-changing business community.

17. Regarding the estimate that some 15 000 young people might join the YWETS while the target was to secure 10 000 placements for them over the two-year period, SEM explained that the projected placement figure was lower than the number of participants because some of them might be able to find a job prior to completion of the six-month training. Nevertheless, the Scheme would aim to enhance the employability of some 15 000 young people during its two years of implementation.

18. Mr Tommy CHEUNG sought the Administration's clarification on two aspects of the YWETS which had become a cause of concern for the catering industry. On the nature of the training period, Mr CHEUNG queried why it should be regarded as "employment". He reflected the unease of the catering trade that the trainees, being regarded as employees, might one day replace their mentors. He also conveyed the industry's grave concern about having to give an undertaking not to replace existing staff by the trainees during the period of training. As most employers participating in the YWETS would likely be large restaurant groups with different branches, dismissal of existing staff did take place from time to time for different reasons. Such an undertaking would put employers in a disadvantaged position as an employee dismissed for other reasons might easily accuse his employer of displacing him by a trainee under the YWETS.

19. In response, C for L advised that by virtue of the nature of the Scheme whereby the employer assigned work and paid wages to the trainee in return for his services, an employment relationship was already formed, irrespective of whether a formal contract was entered into. The purpose of requiring both parties to enter into an employment contract was to stipulate their respective rights and obligations clearly in writing to avoid unnecessary disputes.

20. On the need for the undertaking, C for L pointed out that while the objective of the YWETS was to enhance the employability of young people, it was also necessary to ensure that existing staff would not be affected. She nevertheless stressed that the employer's right to terminate his employees in a lawful manner would not be diminished as a result of his participation in YWETS. Regarding the onus of proof on whether the dismissal was lawful, C for L said that this would depend on circumstances of individual cases.

21. Mr Tommy CHEUNG suggested that to facilitate acceptance by the catering trade, the agreement to be entered into by the employer and trainee should expressly state that the placement was a period of training and not employment. In considering the suggestion, C for L pointed out that problems would arise as any agreement which purported to diminish an employee's rights under the Employment Ordinance was null and void. In this connection, SEM confirmed that irrespective of the nomenclature, substance-wise, the placement was a period of employment.

22. In this connection, C for L advised that young people joining the YWETS would be required to attend a short induction course on communication and interpersonal skills, if they had not previously done so. Mrs Sophie LEUNG however remarked that the proposed induction course was superficial and inadequate in fostering a sense of commitment in the trainees. On sense of commitment, SEM stressed that the attitude of the trainee was equally important and it was Labour Department's plan to engage social workers in due course to provide support and counselling to the trainees

concerned.

23. Mr LEE Cheuk-yan considered the proposed YWETS an active move on the part of the Government to help young people. He did not find the employment contract an onerous requirement on the part of the employer and considered that both the contract and the Employment Ordinance as a whole did not really offer much protection to employees. In response, SEM pointed out that while there were certain terms and conditions which employers and trainees had to abide by, both parties were at liberty to agree on terms above the minimum requirements. Hence, the need for both protection and flexibility was catered for.

24. Mr LEUNG Yiu-chung expressed support for the YWETS. However, he was concerned about its possible abuse by employers in displacing existing staff and enquired about the sanctions, if any, on such employers. Ms Audrey EU enquired about the protection for serving employees being replaced by YWETS trainees and considered that the employer should be required to repay the training subsidy received by him earlier on. Addressing their concerns, SEM cautioned that while the Administration would spare no effort in safeguarding against abuse, the administrative costs in recouping the subsidies paid to employers might not be justifiable. Moreover, overseas experience had indicated that in implementing a scheme of such a nature, the problem of displacement could not be ruled out entirely. She nevertheless re-affirmed the Administration's intention to minimize any adverse impact of the YWETS on existing staff.

25. C for L confirmed that where it was proved that the employer had replaced existing staff by YWETS trainees, the employer would be blacklisted and barred from future participation in the Scheme. There were provisions under the Employment Ordinance to protect the interest of employees who were unreasonably dismissed. On Mr LEUNG Yiu-chung's suggestion that the Administration should arrange to transfer the trainee of the blacklisted employer to another employer, C for L stressed the need to strike a balance between sanctioning abuses and safeguarding the interests of the trainees. Taking into consideration the interfacing difficulties that might arise, the Administration would allow the trainee to complete his attachment with his original employer.

26. The Committee approved the proposal.

Item No. 4 - FCR(2002-03)8

**HEAD 146 - GOVERNMENT SECRETARIAT: EDUCATION AND
MANPOWER BUREAU**

◆ Subhead 700 General other non-recurrent

Item 026 IT Assistant Course

27. Members noted that the Panel on Manpower had been consulted on the present proposal on 28 February 2002.

28. Mr Tommy CHEUNG said that Members of LP were in support of the present proposal. Noting that the Information Technology (IT) Assistant Course was one of the popular courses jointly run by the Vocational Training Council (VTC) and the Employees Retraining Board (ERB), he asked whether the Administration would consider transferring resources from those courses which were unpopular or not cost-effective to the IT Assistant Course to make the best use of public resources.

29. In response, the Principal Assistant Secretary for Education and Manpower (5) (PAS(EM)5) said that a review on organization of vocational training and retraining in Hong Kong was carried out in 2001 with the objective to promote lifelong learning and to identify the optimal organizational set-up and service delivery model in the most cost-effective, market responsive and customer-friendly manner. The VTC had responded positively to the recommendations of the review and had instituted a strategic plan for such purposes. He said that Mr Tommy CHEUNG's suggestion would definitely be considered.

30. Mr Howard YOUNG noted that IT Assistant Course would be jointly run by the VTC and the ERB, with VTC being responsible for the overall co-ordination, curriculum development and review, development of teaching materials and quality assurance. He asked whether consideration had been given to commissioning private-sector organizations to run the IT Assistant Course. In response, PAS(EM)5 advised that the responsibility of providing the IT Assistant Course was shared by the VTC, ERB and various training providers. While the VTC had the necessary expertise in running the IT Assistant Course, the City University of Hong Kong was a major training provider for the Course. The Administration considered the existing arrangements an appropriate balance of input between the VTC and other training providers.

31. In this regard, Mr Howard YOUNG pointed out that some of the courses on tourism industry were either run by the Travel Industry Council of Hong Kong or by the Hong Kong Travel and Tourism Training Centre Limited which was a private-sector training provider. He asked whether the IT Assistant Course could also be run by comparable private-sector bodies. In response,

PAS(EM)5 explained that in the IT industry, there was no comparable body as the training school mentioned by Mr YOUNG. Nevertheless, she said that the Hong Kong College of Technology might be regarded as a comparable training institute in the provision of IT training.

32. Mr Henry WU expressed support for the present proposal. Noting that over 16 500 applications had been received and the Administration only sought to increase approved commitment to provide 1 000 IT training places each year for the three years from 2002-03 to 2004-05, he was concerned that the demand far exceeded the available places and asked whether the Administration would consider increasing the number of training places.

33. In response, PAS(EM)5 explained that the provision of 1 000 training places a year was based on the advice of the Steering Group for the IT Assistant Course which comprised representatives from the IT industry, trade associations, the VTC, the ERB and Government. While the Steering Group noted that the unfavourable economic outlook might affect the employment opportunities for IT Assistant Course graduates, it agreed that there would still be a continuing demand for IT personnel in the market, particularly from small and medium enterprises. As such, the Steering Group recommended that the IT Assistant Course should continue for three more years, with a target of offering 1 000 training places annually during the period. PAS(EM)5 further advised that since October 2000, the course providers had introduced the Web-based Training and Learning (WBT) mode as an alternative for traditional classroom-based training. This new learner-centred training mode offered much greater flexibility for students and learner control of the training process to improve the overall learning effectiveness. Nevertheless, she assured members that the Administration would closely monitor the demand for IT manpower and keep the number of training places under review.

34. Dr YEUNG Sum said that Members of DP were particularly concerned about the high unemployment rate of young people and were in support of the present proposal which aimed at better equipping young school leavers and unemployed persons at Secondary 3 level or above with IT capability. However, Dr YEUNG expressed some concern about the training effectiveness of the WBT mode, in particular the lack of interaction and direct guidance to the trainees. Mr Henry WU shared similar concern about the WBT mode.

35. In response, PAS(EM)5 advised that although the training mode was web-based, trainees could approach the Information Technology Training and Development Centre of the VTC where teachers were available to help them with their problems. In addition, the trainees could also seek guidance from teachers through electronic mail. The Centre Director of Information Technology Training and Development Centre of the VTC added that the programme was initially delivered on a Centre-based mode and supplemented by web-based teaching materials. In response to the interest expressed by the

trainees, the web-based training element was gradually increased. Furthermore, apart from examinations, trainees were also required to complete certain projects and would only be considered as successfully completing the course if their IT skills were up to a required standard.

36. Regarding Mr Henry WU's enquiry about the drop-out rate of the trainees of the IT Assistant Course, PAS(EM)5 informed members that of the 2 000 IT training places in 2000-01 and 2001-02, 67 trainees could not pass the examination. 152 trainees dropped out because they had found a job, for family/personal reasons or returning to main stream education.

37. Noting that as at February 2002, the overall employment rate of those IT Assistant Course graduates actively seeking employment was about 70%, the Chairman enquired whether the success in placement could be attributed to the Course. PAS(EM)5 replied in the affirmative and explained that instead of sending out questionnaires, the VTC took the initiative to call the course graduates every month to provide placement service and to seek information on their placement or otherwise. The Administration also conducted systematic surveys on employers and their response rate was as high as 80 to 90%. The survey results indicated that the employers were satisfied with the performance of the graduates in IT-related positions. Since the graduates were mostly young school leavers and unemployed persons at Secondary 3 level or above, PAS(EM)5 considered that to a great extent, the IT Assistant Course had contributed to improving the young people's employability.

38. The Committee approved the proposal.

Item No. 5 - FCR(2002-03)9

LOAN FUND

HEAD 252 - LOANS TO SCHOOLS/TEACHERS

◆ Subhead 106 Start-up loan for post-secondary education providers

39. Members noted that an information note on the present proposal had been circulated to the Panel on Education vide LC Paper No. CB(2)1568/01-02 on 11 April 2002.

40. Mr CHAN Kam-lam declared that he was a Member of the Court of the Chinese University of Hong Kong (CUHK).

41. Dr YEUNG Sum said that Members of the DP were in support of the present proposal. However, they were concerned about the opportunity for further studies for the Associate Degree graduates and urged the Administration to increase local university places to enable Associate Degree graduates to continue their studies. In response, the Deputy Secretary for

Education and Manpower (DS(EM) acknowledged members' concern about the opportunities for further studies for Associate Degree graduates. The Administration would give further consideration to the matter after consultation on the Report on Higher Education in Hong Kong was completed.

42. Mr YEUNG Yiu-chung and Mr CHAN Kam-lam stated that Members of DAB supported the present proposal. Noting that the loans granted under the Start-up Loan Scheme would be interest-free and must be repaid by equal annual instalments within ten years from the date of final drawdown, Mr YEUNG referred to a scenario where the date of final drawdown was several years after the date of first drawdown, and asked whether the loan would still be repaid by equal instalments within ten years from the date of final drawdown. In response, DS(EM) confirmed that this would be the case as the institution concerned would need to receive income from tuition fee before they could repay the loan.

43. On the question about the interest forgone for granting the loan to the CUHK, the Project Coordinator of Education and Manpower Bureau (1) (PC(EM)1) advised that having regard to the proposed use of the loan and the expenditure pattern submitted by the CUHK, the loan would be disbursed to the CUHK in one instalment in 2002-03 and therefore, the interest foregone (in the amount of \$23,250,219) was calculated on the basis of one instalment and at an "no-gain-no-loss" interest rate currently at 3.125% per annum. As the loan granted under the Start-up Loan Scheme was interest-free, Mr YEUNG was concerned that an institution might request to defer the date of final drawdown so that repayment of the interest-free loan could also be deferred. In response, PC(EM)1 explained that the expenditure pattern of the institution would be fully considered and if the institution could not provide sufficient justification to defer the date of loan drawdown, such a request would not be acceded to.

44. In response to Miss Margaret NG, DS(EM) confirmed that the proposed interest-free loan of \$135,274,000 would be granted to the CUHK for launching programmes leading to the award of Associate Degrees in purchased premises. Under the loan, \$118,573,000 was for purchase of premises at a commercial building in Central and \$16,701,000 to cover refurbishment and equipment costs of the new teaching centre of the CUHK's School of Continuing Studies. Miss NG was concerned that the premises purchased under the loan could not be used for other purposes and this arrangement therefore lacked flexibility. In response, DS(EM) highlighted that as the loan was meant to fund Associate Degree programmes, cross subsidy for other purposes was not permissible. She added that the Associate Degree programmes would be run on a self-financing basis in order that the programmes could closely reflect market needs. It was expected that the repayment of loan would mainly be met by the income from tuition fee.

45. Mr IP Kwok-him asked whether the Administration had provided any advice to the CUHK on whether the premises should be purchased or leased. In response, DS(EM) advised that the "lease" or "purchase" options were entirely up to the institution to decide. Normally, if an institution was confident that the programme would be well-received, it would apply for a medium-term loan to purchase construct premises. On the other hand, if an institution was not yet certain about the response to the programme, it would usually apply for a short-term loan to rent premises. In this connection, Mr IP expressed concern that the Government could not recover the loan if the institution made a wrong prediction and the programme was running at a loss. DS(EM) responded that this possibility had been considered by the Start-up Loan for Post-secondary Education Providers Vetting Committee. To safeguard the Government's position, the successful applicants for the Start-up Loan would be required to provide security for the loan and enter into an agreement with the Government. Where necessary, the borrower would also be required to execute an "Assignment of Receivables" incorporating a first floating charge over its undertaking, property and assets and, where applicable, the parent organization of the borrower would be required to give an irrevocable and unconditional guarantee for the repayment of loan.

46. The Committee approved the proposal.

47. The Committee was adjourned at 3:55 pm.