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LC Paper No. CB(2) 2732/01-02
(These minutes have been seen by
the Administration)

LegCo Panel on Manpower

Minutes of meeting
held on Thursday, 18 July 2002 at 2:30 pm
in the Chamber of the Legislative Council Building

Members present : Hon CHAN Kwok-keung (Deputy Chairman)
Hon Kenneth TING Woo-shou, JP
Hon Cyd HO Sau-lan
Hon LEE Cheuk-yan
Dr Hon LUI Ming-wah, JP
Hon CHAN Yuen-han, JP
Hon YEUNG Yiu-chung, BBS
Hon Ambrose LAU Hon-chuen, GBS, JP
Hon LI Fung-ying, JP
Hon Tommy CHEUNG Yu-yan, JP
Hon Michael MAK Kwok-fung
Hon Albert CHAN Wai-yip
Hon Frederick FUNG Kin-kee

Members absent : Hon LAU Chin-shek, JP (Chairman)
Hon James TIEN Pei-chun, GBS, JP
Hon LEUNG Yiu-chung
Hon Andrew CHENG Kar-foo
Hon SZETO Wah
Hon LEUNG Fu-wah, MH, JP

Public Officers attending : Item III

Mr Philip K F CHOK, JP
Deputy Secretary for Education and Manpower

Mrs Rachael CARTLAND, JP
Principal Assistant Secretary for Education and Manpower

Mr Albert TONG
Executive Director
Construction Industry Training Authority

Mr Paul CHONG Kin-lit
Hon Secretary
Hong Kong Electrical and Mechanical Contractors' Association

Item IV

Mr Matthew CHEUNG Kin-chung, JP
Permanent Secretary for Economic Development and Labour (Labour)

Mr Anson LAI
Principal Assistant Secretary for Economic Development and Labour
(Labour) (Acting)

Mr WAI Chi-sing
Principal Assistant Secretary for the Environment, Transport and Works
(Transport and Works) W3

Mr Mark SIU
Principal Executive Officer (Tender)
Financial Services and the Treasury Bureau

Mr Daniel LEE
Assistant Director/Development
Housing Department

Item V

Mr Matthew CHEUNG, JP
Permanent Secretary for Economic Development and Labour (Labour)

Mrs Pamela TAN
Commissioner for Labour

Mr Sunny SIU
Senior Labour Officer
Labour Department

Mr Stephen PANG
Commissioner for Rehabilitation

Mr FONG Kai-leung
Senior Social Work Officer
Social Welfare Department

Clerk in attendance : Mrs Sharon TONG
Chief Assistant Secretary (2) 1

Staff in attendance : Ms Dora WAI
Senior Assistant Secretary (2) 4

Action

I. Confirmation of minutes of previous meeting and matters arising
(LC Paper Nos. CB(2)2590/01-02 and CB(2)2557/01-02(01))

The minutes of the meeting held on 27 June 2002 were confirmed.

2. Members noted the list of follow-up actions.

II. Date of next meeting and items for discussion
(LC Paper No. CB(2)2557/01-02(02))

3. Members agreed that the next meeting of the Panel be held in October 2002 after the commencement of the 2002-03 legislative session.

III. Extension of the construction industry levy to electrical and mechanical works
(LC Paper No. CB(2)2557/01-02(03))

4. Deputy Secretary for Education and Manpower (DSEM) briefed members on the proposal to extend the existing construction industry levy to cover electrical and mechanical (E&M) works in the construction industry as set out in the Administration's paper.

5. Ms LI Fung-ying noted that some generic and construction-related training courses and trade tests for E&M workers were currently provided by the Vocational Training Council (VTC) with the support of government subventions. Under the proposal, the Construction Industry Training Authority (CITA) would take overall responsibility for providing an expanded scope of E&M training and trade testing for the construction industry by using the additional levy collected. She asked whether this implied that the Administration would gradually stop providing subsidy for the E&M training courses and trade tests currently offered by VTC.

6. DSEM said that as E&M services had grown in importance in the construction industry in recent years, the skills required for these services had become more complex and

specialised. In view of this, the Hong Kong Electrical and Mechanical Contractors' Association (HKEMCA) recommended that the spectrum and capacity of E&M training courses as well as the categories and capacity of E&M trade tests be expanded to facilitate the provision of more well-trained workers for the construction industry. It had also recommended that a levy be imposed on E&M works in the construction industry to meet the cost of the expanded training courses and trade tests.

7. DSEM further pointed out that the proposed additional levy on E&M works in the construction industry would only be used to provide E&M training specific to the construction industry. The Government would continue to provide subsidy for VTC to organise generic E&M training courses to meet the needs of other industries. Therefore, the introduction of the proposed additional levy should not be taken to mean that the Government would cease to subsidise VTC in respect of E&M training in future.

8. Ms LI Fung-ying asked about the criteria for determining the types of E&M training courses which would continue to be subsidised by the Government and the types of courses intended to be funded by the proposed additional levy.

9. Hon Secretary, Hong Kong Electrical and Mechanical Contractors' Association (HS/HKEMCA) explained that the E&M training courses currently run by VTC were general in nature. The E&M skills taught in these courses were widely applicable in various industries, such as shipbuilding, manufacturing and public utilities, etc. The construction industry was only one of the various industries which applied E&M skills. Given that the skills required for E&M works in the construction industry were of a specialised nature, the proposed additional levy would only be used to provide E&M training courses specific to the construction industry. Hence, there would still be a need for VTC to provide generic E&M training courses to meet the needs of other industries.

10. Ms LI Fung-ying pointed out that the proposed Construction Workers Registration System (CWRS) required all construction workers to pass the relevant trade tests in order to become registered workers in the construction industry. E&M workers engaging in the construction industry would also be subject to this requirement, despite the fact that they were already subject to the registration requirements under the Electricity Ordinance. Upon the implementation of CWRS, E&M workers in the construction industry might need to undergo different types of tests required under the two registration systems and to pay the respective fees. She considered it undesirable to compulsorily apply the registration requirements under CWRS to E&M workers in the construction industry having regard to the likely impacts on them.

11. Executive Director, Construction Industry Training Authority (ED/CITA) said that apart from E&M workers, many other categories of skilled workers in the construction industry, such as crane operators, were also subject to similar registration requirements under existing legislation. A committee formed to carry out preparatory work for CWRS led by the former Works Bureau (now known as the Environment, Transport and Works Bureau) had already carefully considered the issue of double registration, but had yet to finalise the arrangements in this regard. However, the committee was generally of the view that workers who were already subject to registration requirements under existing legislation would not be

required to have their skills re-assessed under CWRS. They might only be required to pay a nominal fee to register their recognised skills level under CWRS.

12. Noting that it would take five years for the proposed levy to take full effect, Mr Ambrose LAU asked whether the proposed expansion of E&M training courses and trade tests were intended to commence after the levy took full effect. If this was not the case, he asked whether the Administration would consider providing financial assistance in the event that CITA lacked sufficient funds to organise the expanded courses and tests in the interim.

13. DSEM said that in order to facilitate the implementation of CWRS, the proposed expansion of E&M training courses and trade tests would have to commence shortly after the enactment of the amendment bill, which was planned to be introduced to the Council in the first half of the 2002-03 legislative session. He further said that there might be a possibility that CITA would be unable to fully implement the expansion programmes in the initial period owing to financial constraints. Under the circumstances, CITA might consider seeking a loan from the Government to achieve its goals under the proposal before the levy took full effect.

14. Mr Kenneth TING enquired about the number of additional E&M training places to be provided, the number of workers to be trained under the expanded programmes and the amount of funding required to achieve the intended purpose.

15. DSEM said that the annual levy income in respect of E&M works in the construction industry was estimated to amount to \$46 million when the levy took full effect. The levy income derived from E&M works would be used by CITA to provide expanded E&M training courses and trade tests for the construction industry. A Working Party, which comprised representatives of HKEMCA, VTC and CITA, was now considering the proposed expansion programmes for E&M training and trade testing for the construction industry. The number of additional training places to be provided and the number of workers to be trained would be decided by the Working Party.

16. HS/HKEMCA supplemented that the number of E&M workers engaged in the construction industry amounted to some 50 000. These workers were in need of different levels of E&M training. He pointed out that the estimated annual levy income of \$46 million was not sufficient to meet the training needs of all E&M workers in the construction industry. However, he believed that CITA would endeavour to achieve most effective use of the resources available to provide training to meet the needs of the construction industry.

17. In reply to Mr Kenneth TING's enquiry on how the annual levy income of \$46 million would be spent, ED/CITA said that it would mainly be used to provide trade tests and training relevant to the trade tests during the initial period after the implementation of CWRS. After most of the construction workers had become registered workers, the focus would be put on providing E&M training to upgrade the skills of workers.

18. As some industries had moved to the Mainland, Mr Kenneth TING questioned whether the resources earmarked for the provision of training for these industries could be re-allocated for E&M training for the construction industry. He said that by so doing, it might not be necessary to impose the proposed additional levy.

19. DSEM replied that resources previously earmarked for such courses would be used to provide training needed by other industries.

20. HS/HKEMCA supplemented that being a member of the Electrical and Mechanical Services Training Board of VTC, he had participated in devising VTC's training programmes. He pointed out that VTC had always been responsive to the market and would only provide courses needed by local industries.

21. Mr Tommy CHEUNG asked whether the Administration would consider providing further subsidy for the provision of more specialised E&M training needed by the construction industry, instead of imposing an additional levy.

22. DSEM pointed out that the principle of using the levy imposed on construction works to finance training programmes for workers of the industry had been adopted since the establishment of CITA in 1975 and the enactment of the Industrial Training (Construction Industry) Ordinance (the Ordinance). The relevant parties had been consulted and the support of the construction industry had been received before such arrangement was put in place. He added that when the Ordinance was first drafted in 1975, consideration was given to including E&M works within its scope. However, such works were subsequently excluded from the scope of the Ordinance in the light of the objection raised by the E&M industry.

23. Mr Tommy CHEUNG noted that the Real Estate Developers Association of Hong Kong had some reservations over the proposed extension of construction industry levy to cover E&M works because of the consequential increase in construction cost. He expressed concern that the proposal might create negative impact on the business environment. Mr Kenneth TING shared Mr CHEUNG's concern. He asked whether there had been adequate consultation on the proposal.

24. DSEM responded that major stakeholders in the construction industry had been consulted on the proposal. Although the Real Estate Developers Association of Hong Kong had expressed reservations over the proposal, it was welcomed by all other major stakeholders in the construction industry.

25. Mr Tommy CHEUNG enquired about the representation of HKEMCA in the E&M industry. HS/HKEMCA said that HKEMCA was a member of the Hong Kong Federation of Electrical and Mechanical Contractors (the Federation) and was representing the Federation to deal with issues relating to the proposal of extending the construction industry levy to cover E&M works in the construction industry. The Federation was formed by six major trade associations in the E&M industry, which had a total of approximately 800 members. It basically covered all active E&M contractors in Hong Kong. Based on a rough estimate, the turnover of these contractors accounted for 90% of the overall market turnover. He added that the Federation was supportive of the proposal after wide consultation with its member associations.

26. Miss CHAN Yuen-han said that she did not understand why certain skills training needed by the construction industry, such as interior decoration, was not provided by CITA

whereas E&M training, which had already been provided by VTC, was proposed to be included in CITA's training programmes.

27. ED/CITA said that the skills required for interior decoration works, such as painting and woodwork, were similar to the general skills of workers on construction sites. In fact, the training courses currently provided by CITA already covered all types of skills required in the construction industry. As for some training which was unable to be provided owing to certain constraints, such as tunnel excavation skills, CITA would provide subsidy to contractors in the industry to provide on-the-job training for workers in need.

28. Given that there was only one representative from trade unions among the 13 members of CITA, Ms LI Fung-ying asked whether the proportion of trade union representation could be expanded with a view to achieving a more balanced view.

29. Principal Assistant Secretary for Education and Manpower said that the proposed composition of CITA had been endorsed by the Provisional Construction Industry Co-ordination Board after thorough deliberations. The unanimous view was that for administrative smoothness, it was appropriate to have only one trade union representative in the CITA Board.

IV. Implications of the World Trade Organisation Agreement on Government Procurement on local employment (LC Paper No. CB(2)2557/01-02(04))

30. Permanent Secretary for Economic Development and Labour (Labour) (PS for EDL(L)) briefed members on the implications of the World Trade Organisation Agreement on Government Procurement (the Agreement) on the procurement policy of the Government and local employment as well as the use of prefabricated parts in construction projects in Hong Kong, as detailed in the Administration's paper.

31. PS for EDL(L) supplemented that if the prefabricated parts manufactured in the Mainland used in public housing projects were to be manufactured in Hong Kong, around 1 200 jobs would be created. Similarly, if the respective prefabrication work for public works projects were to be executed locally, around 450 jobs would be created. He said that inter-departmental discussions within the Administration were being held in consultation with the contractors concerned with a view to exploring practical measures to encourage contractors to execute the prefabrication work in Hong Kong without contravening the Agreement.

32. Mr LEE Cheuk-yan said that in view of the persistently high unemployment in Hong Kong, the Administration should accord the highest priority to protect local employment. In his view, withdrawal from the Agreement would be a more direct approach to enable the prefabrication work for public housing and public works projects to be carried out in Hong Kong.

33. PS for EDL(L) responded that withdrawal from the Agreement would be totally a negative approach. Given that Hong Kong was an open economy with a good international

reputation, withdrawal would seriously damage our image and this would far outweigh the advantages that might be gained. He pointed out that it was in fact a global trend to use prefabricated parts in construction works as prefabrication could bring about better quality, enhancement in site safety and reduction in construction cost. The advantages of prefabrication had also been recognised by the Construction Industry Review Committee in Hong Kong.

34. Mr LEE Cheuk-yan asked about the measures to be adopted by the Administration to help retain jobs in Hong Kong, especially in relation to services procured by the Government. He also enquired about the possibility of arranging uniforms for certain government departments, such as the Police, to be manufactured in Hong Kong.

35. Miss CHAN Yuen-han suggested that the Administration should explore ways to encourage manufacturers of shoes for government uniformed staff to carry out production in Hong Kong.

36. PS for EDL(L) said that he was in the process of meeting labour unions to collect the views of frontline workers and understand the problems encountered by them. At the same time, he was maintaining contacts with trade associations. The views of these associations were being sought on whether there was any scope for relaxing existing policies which could help retain jobs in Hong Kong. He informed members that the Administration had been actively exploring ways in this respect for the local printing industry. The Administration would make every endeavour to identify viable ways to retain jobs in Hong Kong.

37. Mr LEE Cheuk-yan noted that the Agreement was not applicable to construction contracts of values below \$50 million and that the procurement of prefabricated parts for public housing projects was normally less than this amount. In view of this, he suggested that the Administration should examine the feasibility of separating the supply of prefabricated parts from construction contracts and imposing a contractual requirement on subcontractors to manufacture the prefabricated parts locally. Mr Kenneth TING and Miss CHAN Yuen-han shared Mr LEE's view.

38. Assistant Director/Development, Housing Department pointed out that the cost consideration should not be neglected when considering the viability of executing the prefabrication work in Hong Kong, because an increase in the overall construction cost of public housing might have adverse impact on the community as a whole. He supplemented that if the procurement of prefabricated parts was dealt with by a separate contract, it might add complexity to the responsibilities under contract in the event of defective prefabricated parts or late delivery of these materials. It was therefore more desirable to include the supply of prefabricated parts in the construction contract for each project. Nevertheless, the Housing Department was prepared to explore viable options with the industry.

39. Mr LEE Cheuk-yan said that other alternatives should be explored if the proposed imposition of a contractual requirement on subcontractors to manufacture prefabricated parts in Hong Kong was found to be not viable. For example, the Administration might consider requiring the quality inspection currently conducted at prefabrication yards in the Mainland to

be carried out in Hong Kong. He believed that this might help encourage contractors to execute the prefabrication work locally if the quality inspection had to be conducted locally.

40. PS for EDL(L) undertook to consider the views of Mr LEE Cheuk-yan. He said that the Administration would continue the consultation with major stakeholders with a view to identifying an effective solution to retain the prefabrication work in Hong Kong. He assured members that the Administration would adopt an open mind and a multi-pronged approach in handling the matter.

41. Mr Albert CHAN enquired whether the imposition of a contractual requirement in government tenders that the prefabrication work must be carried out in Hong Kong would contravene the Agreement. He also asked about the relevant provisions if this was the case.

42. Principal Executive Officer (Tender), Financial Services and the Treasury Bureau said that according to legal advice, the imposition of such requirement in government tenders was in contravention of the Agreement. He pointed out that Article III of the Agreement on "National treatment and non-discrimination" stipulated that for government procurement covered by the Agreement, a party to the Agreement shall accord the suppliers of another party treatment no less favourable than that accorded to suppliers of any other parties or any local suppliers. Article VI on "Technical specifications" provided that any requirements relating to conformity assessment procedures prescribed by procuring entities should not create unnecessary obstacles to international trade. Article XVI on "Offsets" stipulated that when qualifying and selecting suppliers, goods or services, evaluating tenders and awarding contracts, a procuring entity should not impose, seek or consider offsets with a view to encouraging local development or improving the balance-of-payments accounts by means of domestic content or licensing of technology, etc. He added that whether individual government tenders were in contravention of the Agreement would have to be examined in the circumstances of each case. Legal advice would be sought where necessary.

43. PS for EDL(L) said that the Administration would critically re-examine the provisions of the Agreement with a view to exploring whether there was any room for manoeuvre.

44. Miss CHAN Yuen-han opined that if the Administration continued to fail to retain jobs in Hong Kong on grounds of the commitments under the Agreement, it would be necessary to conduct a thorough review on the Agreement to see if Hong Kong should continue to be a party to it.

45. Mr Albert CHAN enquired about the land supply for prefabrication work for public housing and public works projects. Principal Assistant Secretary for the Environment, Transport and Works (Transport and Works) W3 said that land for prefabrication work for major public works projects was normally reserved prior to tendering. Past experience showed that some contractors had used the land reserved by the Government to carry out the prefabrication work, whereas some had chosen to do it in the Mainland. He assured members that the relevant policy bureaux and government departments would continue to step up efforts to help government contractors carry out the prefabrication work locally.

46. Mr Albert CHAN considered that apart from major public works projects, the

Administration should also reserve land for public housing and minor public works projects such that contractors of these projects would also be able to execute the prefabrication work locally. Miss CHAN Yuen-han echoed Mr CHAN's view.

47. In view of the high land cost in Hong Kong, Mr Kenneth TING agreed that the Administration should provide land to contractors of public housing and public works projects to carry out the necessary prefabrication work. He hoped that environmental groups would adopt more relaxed standards in assessing whether the land intended for performing prefabrication work had environmental impacts as the use of such land would only be of a temporary nature.

48. Miss CHAN Yuen-han requested the Administration to provide a timetable on the implementation of the various measures adopted/to be adopted by the Administration to retain jobs in Hong Kong. PS for EDL(L) undertook to provide the best available information in October 2002 for members' reference.

Adm

V. Measures to promote employment opportunities for people with disabilities
(LC Paper No. CB(2)2557/01-02(05))

49. Commissioner for Labour (C for L) briefed members on the measures being taken by the Administration to promote employment opportunities for people with disabilities as detailed in its paper.

50. In reply to Mr LEE Cheuk-yan, C for L said that the Administration did not have statistical information on the unemployment rate of people with disabilities as no register for disabled job-seekers was kept.

51. Mr LEE Cheuk-yan further enquired about the types of disabilities which would cause greater difficulties in employment than other types of disabilities. C for L said that based on the experience of the Labour Department (LD), the placement rate of the mentally retarded was higher as compared with other disabled job-seekers. The reason might be that mentally retarded job-seekers usually did not have high expectations of their jobs and it was therefore easier for them to adapt to the working environment. Besides, the placement rate of people with hearing impairment was also encouraging. However, past experience reflected that ex-mental patients usually had more difficulties in securing employment. She added that the two per cent of disabled people employed in the civil service included people with hearing or visual impairment, the mentally retarded, the physically handicapped and ex-mental patients.

52. Senior Social Work Officer, Social Welfare Department (SSWO/SWD) supplemented that the Social Welfare Department (SWD) also provided a wide range of services to enhance the employment of people with disabilities. He informed members that among the disabled job-seekers assisted by SWD in Supported Employment service in 2001, the placement rate of 37% for ex-mental patients was the lowest when compared to 47% for the mentally retarded and nearly 40% for the physically handicapped.

53. Mr LEE Cheuk-yan opined that apart from employment services for disabled job-

seekers, more should be done on the employer side. He asked if the Administration would consider providing tax concession to employers who employed people with disabilities. Alternatively, the Administration might consider requiring large enterprises, say those with over 100 employees, to reserve a certain percentage of their overall strength for the employment of disabled people.

54. Commissioner for Rehabilitation (C for R) said that subsequent to the Council's motion debate on promoting the employment of people with disabilities in May 2002, the Health, Welfare and Food Bureau (HWFB) had written to policy bureaux and government departments requesting them to require the subvented organisations under their portfolios to -

- (a) publish in their annual publications, such as annual report, the percentage of their disabled employees against the overall number of employees; and
- (b) formulate policies and procedures for employment of people with disabilities by drawing reference from the principles and spirit of the policy outlined in the booklet titled "Working with People with Disabilities in the Civil Service" published by the Civil Service Bureau.

He added that the subvented organisations concerned had been requested to submit their progress reports on paragraph 54(a) and (b) above to HWFB before the end of 2002. The Administration would report to the Council should there be new developments in this regard.

55. Mr LEE Cheuk-yan questioned why the Administration did not specify a certain percentage of people with disabilities to be employed by subvented and statutory organisations. C for R responded that in the view of the Administration, it might not be feasible and practical to rigidly impose such requirement across the board as the nature of service, the size of organisation and the types of work varied from one organisation to another.

56. C for R further pointed out that the Administration had been proactive in encouraging employers to create and offer employment to people with disabilities. He cited an example that a training centre was jointly established by a Government-subvented non-governmental organisation (NGO) and a multi-national hotel group in March 2002 to provide specific training on hotel-related services to disabled people. Some of the mentally handicapped trainees who had successfully completed the training had subsequently been offered employment by the multi-national hotel group. He said that the Administration would continue to work closely with employers to promote employment of people with disabilities.

57. Miss CHAN Yuen-han enquired how LD would help people with disabilities to apply for government posts. Senior Labour Officer, Labour Department said that the Selective Placement Division of LD would be informed of the details of all vacancies for government posts. Upon receipt of such information, the division would assess whether the disabled job-seekers registered under LD met the entry requirements of any of the posts. If the requirements were met, LD would provide assistance to the disabled job-seekers concerned in applying for the posts. Counselling sessions on interviewing techniques would also be provided. In addition, the division would provide follow-up services to the job-seekers concerned in the event of unsuccessful interviews. He added that disabled job-seekers would indeed be given a

certain degree of priority for interviews for certain government posts, e.g. posts which were comparable to the level of Workman II.

58. Given that the transportation cost to the disabled was very high, Miss CHAN Yuen-han asked how the Administration would assist the disabled in this respect. She considered that such assistance was particularly important for those people with disabilities who had to rely on public transport to go to work. She suggested that the Administration should appeal to public transport service providers to offer lower fares to people with disabilities.

59. C for R responded that rehabilitation bus service was available to people with disabilities. There were at present 87 such buses. Those who were in employment would have priority for the service. He said that the Administration would convey the views of Miss CHAN Yuen-han to public transport service providers for consideration. However, he pointed out that it would be a business decision for the public transport service providers as to whether a lower fare level should be set for people with disabilities.

60. Ms Cyd HO gathered that the existing rehabilitation bus service was not sufficient to meet the demand of people with disabilities and that the service was expensive. She enquired about the number of disabled who were unable to take up employment merely because of transportation problem. She also gathered that one of the public bus companies had indicated that it would prefer providing special mini-bus service for the disabled to fully relying on the new low-floor buses. She asked whether the Administration had discussed this issue with public bus companies.

61. C for R pointed out that the Government's ultimate objective in terms of policy on accessibility for people with disabilities was to provide barrier-free public transport services to members of the public. To achieve the objective, the Transport Department (TD) had made arrangements with public bus companies that low-floor buses should be introduced when old buses were phased out as the former could provide a more accessible bus service for all. Other public transport service providers, such as the Mass Transit Railway Corporation and the Kowloon-Canton Railway Corporation, were also committed to providing accessible transport service to the public. He added that the regular meetings between TD, public transport service providers and rehabilitation organisations which represented different groups of people with different types of disabilities had already provided an effective mechanism for the parties concerned to exchange views on matters relating to accessibility of public transport services.

62. Regarding the capacity and cost of the rehabilitation bus service, C for R said that the information from TD revealed that approximately half of the 60 disabled on the waiting list for rehabilitation bus service in 2002-03 were in employment. The monthly fees for non-harbour-crossing and harbour-crossing scheduled routes were \$184 and \$264 respectively. In fact, the level of Government subsidy was more than 80% of the cost of such service.

63. Mr Frederick FUNG noted that some rehabilitation organisations provided assistance to people with disabilities in running small businesses in the hope of enabling them to earn a living on their own. He suggested that the Administration should consider providing incentives for people with disabilities to start their own business. For example, low-interest or interest-free loans could be provided, and competitive rental terms for recreational venues

operated by government departments could be offered to them.

64. SSWO/SWD said that a provision of \$50 million had been earmarked for the project entitled "Enhancing Employment of People with Disabilities through Small Enterprise". The project was launched by SWD and aimed to assist voluntary agencies and NGOs to create and run small businesses employing people with disabilities. The first batch applications approved by SWD involved eight projects with a total amount of \$6.5 million. The second batch applications would be invited in 2003. He assured members that the Administration would conduct reviews on the effectiveness of the project on a regular basis.

65. C for R said that the Administration had put in place a number of measures to assist people with disabilities in finding employment or running their own businesses. For example, rehabilitation organisations were normally given preferential treatment in bidding low-skill service contracts offered by the Leisure and Cultural Services Department (LCSD). The purpose of this was to enable rehabilitation organisations, after being awarded the service contracts, to provide more job vacancies for people with disabilities. Apart from LCSD, the Agriculture, Fisheries and Conservation Department as well as the Food and Environmental Hygiene Department had also introduced special arrangements to encourage and assist rehabilitation organisations in bidding service contracts of the two departments with a view to creating more employment opportunities for the disabled.

VI. Any other business

66. There being no other business, the meeting ended at 4:35 pm.