

立法會
Legislative Council

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Finance Committee of the Legislative Council

**Minutes of the 12th meeting
held at the Legislative Council Chamber
on Friday, 8 July 2005, at 3:15 pm**

Members present:

Hon Emily LAU Wai-hing, JP (Chairman)
Hon CHAN Kam-lam, SBS, JP (Deputy Chairman)
Hon James TIEN Pei-chun, GBS, JP
Hon Albert HO Chun-yan
Ir Dr Hon Raymond HO Chung-tai, S.B.St.J., JP
Hon LEE Cheuk-yan
Hon Martin LEE Chu-ming, SC, JP
Dr Hon David LI Kwok-po, GBS, JP
Dr Hon LUI Ming-wah, SBS, JP
Hon Margaret NG
Hon James TO Kun-sun
Hon CHEUNG Man-kwong
Hon CHAN Yuen-han, JP
Hon Bernard CHAN, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP
Hon LEUNG Yiu-chung
Hon SIN Chung-kai, JP
Dr Hon Philip WONG Yu-hong, GBS
Hon WONG Yung-kan, JP
Hon Jasper TSANG Yok-sing, GBS, JP
Hon Howard YOUNG, SBS, JP
Dr Hon YEUNG Sum
Hon LAU Chin-shek, JP
Hon LAU Kong-wah, JP
Hon LAU Wong-fat, GBM, GBS, JP
Hon Miriam LAU Kin-ye, GBS, JP
Hon CHOY So-yuk, JP
Hon Andrew CHENG Kar-foo
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, JP
Hon LI Fung-ying, BBS, JP

Hon Tommy CHEUNG Yu-yan, JP
Hon Albert CHAN Wai-yip
Hon Frederick FUNG Kin-kee, JP
Hon Audrey EU Yuet-mee, SC, JP
Hon Vincent FANG Kang, JP
Hon WONG Kwok-hing, MH
Hon LEE Wing-tat
Hon LI Kwok-ying, MH
Dr Hon Joseph LEE Kok-long
Hon Daniel LAM Wai-keung, BBS, JP
Hon Jeffrey LAM Kin-fung, SBS, JP
Hon MA Lik, GBS, JP
Hon Andrew LEUNG Kwan-yuen, SBS, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Dr Hon KWOK Ka-ki
Dr Hon Fernando CHEUNG Chiu-hung
Hon CHEUNG Hok-ming, SBS, JP
Hon WONG Ting-kwong, BBS
Hon Ronny TONG Ka-wah, SC
Hon Patrick LAU Sau-shing, SBS, JP
Hon Albert Jinghan CHENG
Hon KWONG Chi-kin
Hon TAM Heung-man

Members absent:

Hon Fred LI Wah-ming, JP
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon Timothy FOK Tsun-ting, GBS, JP
Hon CHIM Pui-chung

Public officers attending:

Mr Frederick MA Si-hang, JP	Secretary for Financial Services and the Treasury
Mr Martin GLASS, JP	Acting Permanent Secretary for Financial Services and the Treasury (Treasury)
Miss Elizabeth TSE, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Mr Alfred FOK	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Prof Arthur LI, GBS, JP	Secretary for Education and Manpower
Mrs Fanny LAW, GBS, JP	Permanent Secretary for Education and Manpower
Mr Michael STONE, JP	Secretary-General, University Grants Committee

Ms Irene YOUNG	Principal Assistant Secretary for Education and Manpower (Higher Education)
Mrs Betty IP	Principal Assistant Secretary for Education and Manpower (School Administration and Support)
Mr Gilbert MO	Deputy Law Draftsman (Bilingual Drafting & Administration), Department of Justice
Mr CHENG Yan-chee, JP	Deputy Secretary for Education and Manpower (4)
Mr York CHOW, SBS, JP	Secretary for Health, Welfare and Food
Mrs Carrie YAU, JP	Permanent Secretary for Health, Welfare and Food
Mr S P LAU, JP	Acting Director of Agriculture, Fisheries and Conservation
Mr Donald TONG, JP	Deputy Director of Food and Environmental Hygiene (Administration and Development)
Mr LAI Ching-wai	Assistant Director of Agriculture, Fisheries and Conservation (Inspection and Quarantine)
Ms Vivian KO	Principal Assistant Secretary for Health, Welfare and Food (Food and Environmental Hygiene)1
Ms Annie CHOI	Deputy Secretary for the Environment, Transport and Works (Transport)
Ms Elizabeth TAI	Principal Assistant Secretary for the Environment, Transport and Works (Transport)
Mr Michael CHIU	Acting Chief Superintendent of Police (Traffic), Hong Kong Police Force
Mr CHOW Kwok-kee	Chief Inspector of Police (Law Revision and Projects), Hong Kong Police Force
Mr CHAN Yiu-ming	Chief Engineer (Traffic and Transport Survey), Transport Department

Clerk in attendance:

Ms Pauline NG	Assistant Secretary General 1
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Staff in attendance:

Mr Jimmy MA	Legal Adviser
Miss Becky YU	Chief Council Secretary (1)1
Mrs Mary TANG	Senior Council Secretary (1)2
Ms Caris CHAN	Senior Legislative Assistant (1)1
Mr Frankie WOO	Legislative Assistant (1)2

Item No. 1 - FCR(2005-06)26

HEAD 190 – UNIVERSITY GRANTS COMMITTEE

♦ **Subhead 700 General non-recurrent**

New Item “Second matching grant scheme for UGC-funded institutions”

The Chairman informed members that the Panel on Education was consulted on the proposal at its meeting on 20 June 2005.

2. Dr YEUNG Sum, Chairman of the Panel on Education, said that the Panel was generally supportive of the proposal as this would encourage more private donations. In order to give the University Grants Committee (UGC) - funded institutions sufficient time to secure donations, the Administration was requested to extend the duration of the proposed Second Matching Grant Scheme and allow the unspent funds to be carried forward and disbursed beyond the 2005-06 financial year. Consideration should also be given to providing matching grants on a recurrent basis and raising the ceiling for tax-exempted donations. These requests were also relayed to the Financial Secretary (FS) on 6 July 2005. The response from the Secretary for Education and Manpower (SEM) on the Administration’s position was circulated to members under LC Paper No. CB(2) 2215/04-05(01).

3. Dr KWOK Ka-ki expressed concern that some faculties/institutions, particularly those mainly offering arts and science courses like the Lingnan University and the Hong Kong Institute of Education, might be in a disadvantageous position in competing with other faculties/institutions, such as the medical faculty, for private donations on account of the less practical nature of these studies. He enquired about the existing funding policy for faculties/institutions which were not able to attract private donations. SEM shared with members the experience gained in the First Matching Grant Scheme. He said that the Lingnan University was very successful in securing private donations. The University of Science and Technology, which was relatively new, also did not have problems in securing private donations. The Hong Kong Institute of Education was however a different case because unlike the other institutions which were universities, it was a monotechnic institution mainly offering training for teachers. As regards the use of private donations, SEM said that the institutions would have autonomy in this respect, and he trusted that each faculty would have their fair share of the funding.

4. Mr Albert CHAN opined that there might be possible conflict of interest if the recipient institutions were left to decide on the acceptance of private donations. An independent panel might need to be appointed for the purpose of ensuring that objective yardsticks would be applied across the board regarding the acceptance of donations which might come from dubious or immoral sources. SEM said that while it was difficult to determine categorically whether the sources of donations were dubious or not, he believed that institutions would apply a high moral standard in deciding on the acceptance of donations. By way of illustration, it had all along been a practice for institutions not to accept donations from tobacco companies.

5. Mr Martin LEE enquired about the rationale for not accepting donations from tobacco companies and whether matching grants would be given for donations from tobacco companies, if accepted. SEM said that while there were no provisions preventing institutions from accepting donations from tobacco companies, there was mutual understanding among the heads of UGC-funded institutions that such donations should not be accepted having regard to its association with smoking which was a health hazard. The Secretary General, UGC (SG, UGC) also confirmed that UGC-funded institutions had not accepted donations from tobacco companies.

6. Mr Martin LEE further asked whether donations from persons known to be involved in smuggling or drug trafficking activities would be accepted. SEM said that under the common law, any person should be presumed innocent unless proven guilty. As such, donations would be accepted if the donors were not found guilty of getting the money illegally. He added that while anonymous donations were accepted provided that no conditions were attached, it was unlikely that institutions would accept donations from suspicious sources. As regards the naming of facilities as a token of appreciation for donors, SEM said that this would be up to the institutions to decide.

7. Mr Bernard CHAN declared interest as the Deputy Chairman of Lingnan University and the Chairman of its fund raising committee. He said that fund raising was not an easy task especially for small colleges like the Lingnan University and its success would hinge on the efforts made by the university heads. Although he was not aware of any written guidelines on the criteria of acceptance of donations, these were usually decided by the board of directors, who would take into account the sources of donations. At members' request, SEM agreed to advise the common practice which institutions adopted in accepting private donations.

8. Mr Fernando CHEUNG declared interest as a lecturer of the Hong Kong Polytechnic University. While supporting the proposal which would help promote a philanthropic culture, he enquired if consideration could be given to providing tax incentives in an attempt to attract more donations from different sources. The Secretary for Financial Services and the Treasury (SFST) advised that the deduction ceiling for charitable donations under profit tax and salaries tax had been increased from 10% to 25% of assessable income or profits in the 2003-04 Budget. After the increase, the percentages of taxpayers claiming the maximum rate of deductions dropped from 5% for salaries tax payers and 12.6% for profits tax payers for the year of assessment 2002-03 to only 0.2% and 5.8% respectively for the year of assessment 2003-04. The Administration would review the situation from time to time.

9. Mr CHEUNG Man-kwong noted that institutions were allowed 18 months to secure donations under the First Matching Grant Scheme. However, they were only allowed seven months, i.e. from 1 August 2005 to 28 February 2006, under the Second Matching Grant Scheme to secure donations to maximize the matching grant. In view of the difficulties in soliciting donations within such a short time, the Chairman of the Panel on Education had written to FS requesting for an extension of the Second Matching Grant Scheme. He then enquired if FS was prepared to consider the proposed extension. Miss CHAN Yuen-han echoed that the Second

Matching Grant Scheme should be extended beyond end February 2006 to allow more time for the institutions to secure donations.

10. In response, SEM said that there were difficulties in extending the Second Matching Grant Scheme given that funding was only available in the 2005-06 financial year which would end on 31 March 2006. Although the institutions were given less time to secure donations, they should be more prepared for the Second Matching Grant Scheme in view of their experience gained from the First Matching Grant Scheme. Nevertheless, a review would be made in January 2006. SFST added that the proposed extension would have to be considered in the context of the 2006-07 Budget, the preparation of which had yet to start. As such, the Government was not able to commit at this early stage, but was prepared to review the situation in January 2006. The Chairman said that it might be necessary for the Administration to report the progress of the Second Matching Grant Scheme to the Panel on Education in January 2006 at which the situation would be reviewed.

11. Given that the Administration had already set aside a designated sum for use by the Second Matching Grant Scheme, Mr CHEUNG Man-kwong considered that a definite time frame within which the donations should be secured was not necessary lest this would impose unnecessary hardship on the part of the institutions in securing donations within the prescribed period of time. He pointed out that all political parties shared the same view in this regard.

12. Mr Tommy CHEUNG said that Members of the Liberal Party would support the proposal. To enable the institutions to get more prepared in securing donations, the Administration should announce its plans for future matching grant schemes in advance. This would also facilitate donors to prepare for their donations. He said that this could be done administratively as the matching grants were included in the operating expenditure envelope. In response, SEM said that the Administration could not announce its plans for future matching grant schemes in advance as otherwise these schemes would become recurrent expenditure which was tantamount to an increase in the recurrent grant of UGC-funded institutions. He added that he could not commit to any future funding at this stage as the Budget for 2006-07 had yet to be worked out.

13. While supporting the implementation of the Second Matching Grant Scheme, Mr Abraham SHEK opined that the ceiling of the matching grant should be raised to encourage more private donations, and that donations from reputable sources should be accepted for the benefit of students. The institutions should also have the autonomy to decide on the acceptance of donations.

14. Miss TAM Heung-man was sceptical that the donations secured by institutions would be used to implement the new “3+3+4” academic structure with a view to reducing the provisions for teaching staff. SEM assured members that this would not be the case as there was mechanism to ensure the accountability and transparency of the operation of the matching grant scheme. Besides, the institutions would need to ensure the cost-effectiveness of the matching grants to be used for the purposes as agreed with UGC and report on the disbursement of the funds.

15. Referring to the proposed relaxation to allow matching grants to be used to offer scholarships for meritorious non-local students to promote internationalism of the student body, Mr Fernando CHEUNG said that there might be a need to set up a mechanism to ensure the award of scholarships to a good mix of nationalities, particularly when almost 90% of the non-local student population in the higher education sector were Mainland students. The allocation of scholarships to mostly Mainland students would run contrary to the original policy intent of promoting internationalism, and if this was the case, he would prefer that scholarships be awarded to local students instead.

16. In response, SEM said that he could not agree with Mr CHEUNG that the granting of scholarships to Mainland students ran contrary to the policy intent of promoting internationalism. SG, UGC added that Mainland students were very bright and motivated, and that their interaction with local students was beneficial. Besides, UGC had to respect the autonomy of institutions and thus would not interfere with the recruitment of students nor award of scholarships by these institutions.

17. The Chairman put the item to vote. The Committee approved the proposal.

Item No. 2 - FCR(2005-06)27

**HEAD 156 – GOVERNMENT SECRETARIAT : EDUCATION AND
MANPOWER BUREAU**

- ♦ **Subhead 000 Operational expenses**
- ♦ **Subhead 700 General non-recurrent**

New Item “Grant for establishment of incorporated management committee in aided schools”

18. The Chairman informed members that the Panel on Education was consulted on the proposal at its meetings on 3 and 20 June 2005. She also drew members’ attention to the Administration’s reply dated 8 July 2005 to the questions raised by Dr YEUNG Sum and Mr CHEUNG Man-kwong which was tabled at the meeting.

19. Dr YEUNG Sum, Chairman of the Panel on Education, said that the Panel supported in principle the proposal which would provide more funding flexibility for aided schools with incorporated management committees (IMC) and the necessary resources to support the establishment of IMC. Apart from holding discussions with the Administration, the Panel had invited deputations to exchange views on the proposal. Among them, the Catholic Diocese of Hong Kong, the Hong Kong Sheng Kung Hui and the Methodist Church, Hong Kong had expressed very strong views that the Administration’s proposal was discriminatory against aided schools which had not established IMC. There were dissenting views on the Administration’s original proposal to provide a time-limited cash grant of \$350,000 per annum for IMC schools from 2005/06 school year up to the end of the 2008/09 school year. While some Panel members considered that the arrangement was unfair and discriminatory against non-IMC schools, others supported that more administrative and financial support were needed in the establishment and initial operation of an IMC. A coordinated

proposal moved by Mr CHEUNG Man-kwong was passed by the Panel at its meeting on 20 June 2005 urging the Government to -

- (a) Offer liability insurance and legal protection for the managers of all lawful school management committees (SMCs);
- (b) Grant the right to flexibly use the Expanded Operating Expenses Block Grant and Teacher Relief Grant to all lawful SMCs; and
- (c) Provide a one-off cash grant of \$350,000 to each school which provided a draft constitution of the proposed IMC before the statutory deadline on 1 July 2009.

20. SEM said that he would like to respond to the allegations that the Administration was discriminatory against non-IMC schools as follows -

- (a) The Education Ordinance (Cap 279) provided statutory backing for school-based management (SBM), the objective of which was to devolve, as far as possible, the decision-making process on student learning and use of resources to individual schools, so as to suit their circumstances and the needs of their students. The Ordinance required schools to submit a draft IMC constitution by 1 July 2009 for the purpose of establishing IMCs to provide checks and balances with stakeholders' participation within a transparent and accountable framework of governance. It was hoped that all school sponsoring bodies (SSBs) would comply with the requirement;
- (b) The present proposal of providing funding for the establishment of IMCs was meant to provide the necessary resources in the establishment of IMCs which included, among others, the preparation of IMC constitution, training of school managers, and sharing of good practices amongst schools;
- (c) The increase in autonomy and funding flexibility for aided IMC schools were welcomed by most SSBs. However, some SSBs had found the arrangement unfair and discriminatory and had requested that non-IMC schools be accorded the same autonomy and funding flexibility as that of IMC schools; and
- (d) The Administration was of the view that non-IMC schools, which did not comply with the requirements of the Education Ordinance, should not be given the same treatment. There was no question of unfairness in providing more financial autonomy and flexibility for IMC schools because as a responsible government, it would need to insist that schools should implement participatory governance and establish an IMC before they were devolved with more autonomy and funding flexibility.

SEM added that since the Finance Committee (FC) was responsible for scrutinizing funding proposals and ensuring that public funds were well spent, it would need to ensure that the further devolution of autonomy and funding flexibility should only be provided where there were adequate checks and balances. As IMC schools had the statutory backing and the necessary pre-conditions, the Administration was more confident to further devolve authority to IMC schools and thus considered this an appropriate and responsible arrangement. He hoped that members would support the proposal.

21. Mr CHEUNG Man-kwong expressed regret at SEM's provocative statement. He pointed out that in the original proposal, a time-limited cash grant of \$350,000 per annum would be provided for IMC schools from 2005/06 school year up to the end of the 2008/09 school year. This had led to objections from a number of SSBs which considered that the proposed arrangement was unfair and discriminatory because it was unreasonable that schools which had established an IMC earlier than other schools should receive more cash grants. Pursuant to the discussion at the Panel meeting on 20 June 2005, the Administration had revised the proposal such that schools which had notified Education and Manpower Bureau of their intention to set up an IMC with the submission of the draft constitution during the school years from 2005/06 to 2008/09 would be provided with a one-off cash grant of \$350,000. Mr CHEUNG said that it was on the basis of the original proposal that some SSBs had raised objection. Given that the proposal had been revised, SEM should not have mentioned SSBs' earlier objection as this would only arouse further disputes.

22. Referring to the Administration's reply dated 8 July 2005, Mr CHEUNG Man-kwong noted that the Operating Expenses Block Grant had been introduced since 2000 to give funding flexibility to all schools. He therefore failed to understand why further devolution of autonomy and funding flexibility had to be confined to IMC schools only. Given that the Education Ordinance had allowed for the draft of IMC constitution to be submitted by 1 July 2009, schools which had yet to submit their constitution should still be regarded as lawful and hence should not be discriminated against through inequitable treatment. As a matter of fairness, he supported that the further devolution of autonomy and funding flexibility under the present proposal should apply to both IMC and non-IMC schools.

23. The Permanent Secretary for Education and Manpower (PSEM) clarified that under the revised proposal, schools which submitted their draft IMC constitution by 1 July 2009 would be entitled to a cash grant of \$350,000. She explained that in accordance with the Education Ordinance, IMC consisted of all key stakeholders and their participation in the decision-making process would effectively balance the interests of various parties, enabling school policies to better address the needs of students and teachers and resources to be better deployed to enhance the effectiveness of teaching and learning. In addition, IMCs were required to comply with statutory procedures and set up internal control mechanisms, thereby enhancing greater transparency and accountability to facilitate monitoring by the general public. She added that there were differences between IMC and non-IMC schools as the former were exempted from some of the provisions in the Education Ordinance. For instance, Regulation 66 of the Education Regulations allowed managers of IMC

schools or their teaching staff to appeal to any pupils for subscriptions or make any collections without prior permission of PSEM. The increased autonomy of IMC schools was given on account of the greater transparency and accountability arising from the establishment of IMCs and was consistent with the legislative intent of the Education Ordinance.

24. Dr YEUNG Sum expressed regret over PSEM's remarks which seemed to suggest that IMC schools were lawful while non-IMC schools were not. He pointed out that all schools were enjoying a certain level of administrative autonomy and funding flexibility. Besides, non-IMC schools, which operated under SMCs, were lawful as they were regulated under the Education Ordinance. In fact, many of the non-IMC schools had demonstrated sound financial and administrative management in the past. By way of illustration, the Hong Kong Methodist School, which operated under an SMC, did have participatory governance and its parent and teacher representatives were elected. Given that the Administration had taken into account members' views and had revised its original proposal from a time-limited cash grant to a one-off cash grant, he failed to see why it had maintained its refusal to devolve more autonomy and funding flexibility to non-IMC schools. He queried the rationale behind such an inequitable arrangement.

25. SEM said that it was the Administration's hope that all schools could set up their own IMCs so that enhanced autonomy and funding flexibility could apply to all. The one-off cash grant would be provided to all schools which submitted their draft IMC constitution by 1 July 2009. Once the schools had established their IMCs, they would have the statutory backing and the necessary checks and balances in place. In this way, the Administration would have the confidence to further devolve authority to IMC schools. As regard the reimbursement of relevant expenses on a need basis, PSEM said that the Administration would be conducting a review in 2007/08 on whether such expenses should be provided beyond the 2008/09 school year since preparatory work for the establishment of IMC should be completed by then.

26. Referring to paragraph 5 of the Administration's reply which stated that taking into consideration past experience, the Administration was of the view that there had to be a participatory, transparent and accountable SBM mechanism before authority was further devolved, Mr Martin LEE sought elaboration on the experience referred to and the schools concerned. PSEM said that there were some forms of devolution of authority to schools in the past and these were subject to audit checks. It had been revealed that about 10% to 15% of the schools were identified to lack monitoring control and have not managed public funds properly. The Administration had to be more cautious and would need to set up a control mechanism before further devolution of authority to the schools.

27. Despite that both IMC and non-IMC schools were lawful, Mr Martin LEE said that the Administration seemed to have adopted the assumption that IMC schools were more reliable and responsible than non-IMC schools. He however pointed out that this might not be the case given that many non-IMC schools had very good track records while some newly established IMC schools had yet to demonstrate their performance. Expressing similar view, Mr Albert HO acknowledged the advantages

of establishing IMCs, but noted that there were many non-IMC schools which had been performing very well in the past. By depriving these non-IMC schools from further devolution of funding flexibility, the Administration would be seen to have discriminated against these long-standing partners. He then asked how the Administration could ensure that improper governance would not recur after the setting up of IMCs. PSEM said that under SBM system, all key stakeholders participated in decision-making and as such the decisions would better meet the needs of the students. The participatory governance under SBM ensured transparency and effective deployment of resources. With a proper internal control system and checks and balances, the Administration could responsibly devolve further authority to IMC schools. She added that no control system was fool-proof, hence it was necessary to build in checks and balances into the system.

28. As funding flexibility was needed in present day management regardless whether the schools had IMCs or not, Mr Albert HO held the view that the devolution of funding flexibility should apply to all schools and not only to those which had agreed to establish IMCs. By depriving the non-IMC schools of the needed funding flexibility, the Administration was in fact penalizing them for not setting up IMCs. This would run contrary to the legislative intent of the Education Ordinance. SEM added that the Education Ordinance had provided for a new mechanism of control and schools could choose to adopt the new mechanism or to adhere to the old one. However, some schools had requested not to adopt the new mechanism but still could enjoy the benefits associated with it. He stressed that the new arrangements were applicable to the new mechanism but if the schools chose not to adopt the new mechanism, it followed that the new arrangements would not apply to them.

29. Mr LEUNG Kwok-hung remained of the view that the Administration was penalizing non-IMC schools. He noted that the Administration was trying to encourage schools to set up IMCs as early as possible through the provision of a time-limited cash grant as evidenced in the original proposal. The arrangement was totally unfair and discriminatory. He also expressed concern about the possibility of embezzlement by IMCs if they were given too much flexibility in the use of funds. He considered that students, being key stakeholders themselves, should have a say in the management of the school. SEM said that the views of students, especially those of primary and kindergarten, had been represented by parents. It was quite unlikely that teachers and parents who were elected as representatives in IMCs would conspire in corruptive practices.

30. Mr Fernando CHEUNG expressed support for a democratic system of management in schools and he hoped that the same would apply to the welfare sector. While supporting the provision of resources to facilitate the setting up of IMCs, he did not agree that pre-conditions should be attached. Nor did he agree to the withholding of funding flexibility to schools which had yet to establish IMCs, which was the crux of all the contention. Since IMC and non-IMC schools were both lawful, they should be given the same funding flexibility. In reply, SEM reiterated that there were differences between IMC and non-IMC schools in terms of participatory governance, transparency and accountability, and that the Administration's proposal was premised on the spirit of the legislation to extend to IMC schools greater autonomy in making decisions and deploying resources.

31. Ms Audrey EU opined that SBM was not equivalent to a democratic system of management, which would not merely involve the participation of elected parent and teacher representatives (comprising only 40% of an IMC). She pointed out that a democratic system of management would include a broad spectrum and much more would be required in order to constitute good governance. Hence, it would be misleading to say that only schools with IMCs which complied with SBM should be regarded as having a democratic system of management while other non-IMCs schools, such as Hong Kong Methodist School which had a long-standing practice of having teacher and parent representatives, were not. She also expressed regret about some of SEM's remarks, which in her view were defamatory to non-IMC schools. Ms EU stressed that there should not be any discrimination against non-IMC schools since both IMC and non-IMC schools were lawful and could co-exist until 2009. She said that although she would support the one-off cash grant and the provision of funding flexibility to schools, she disapproved of the Administration's way of handling the situation. As such, she was not prepared to support the proposal.

32. Echoing the views of Ms Audrey EU, Mr CHEUNG Man-kwong also wished to express his disapproval of SEM's remarks about non-IMC schools which had contributed a lot to the development of education in Hong Kong. He said that the contention over the matter could have been eased if the situation was properly handled. He added that while Members of the Democratic Party would abstain from voting on the proposal, there was a need for SEM to discuss further with non-IMC schools about the possibility of further devolution of autonomy and funding flexibility, even if the proposal was approved. In response, SEM clarified that he did not criticize the non-IMC schools. The Administration was merely trying to provide the needed assistance to facilitate schools in setting up IMCs and those which chose not to set up IMCs would not have such assistance.

33. Ms Margaret NG said that she could not lend her support to the proposal as she was dissatisfied that the Administration was using SBM to control schools and those which failed to conform would be discriminated. Sharing Ms NG's views, Mr James TO requested to put on record his dissatisfaction over the matter.

34. Mr CHAN Kam-lam said that Members of the Democratic Alliance for Betterment and Progress of Hong Kong would support the proposal and their views had been clearly expressed at the meetings of the Panel on Education.

35. The Chairman put FCR(2005-06)27 to the vote. 29 members voted for the proposal, two members voted against and 13 members abstained. The individual results were as follows:

For :

Ir Dr Raymond HO Chung-tai, S.B.St.J., JP	Miss CHAN Yuen-han, JP
Mr Bernard CHAN, JP	Mr CHAN Kam-lam, SBS, JP
Mrs Sophie LEUNG LAU Yau-fun, SBS, JP	Dr Philip WONG Yu-hong, GBS
Mr WONG Yung-kan, JP	Mr Jasper TSANG Yok-sing, GBS, JP
Mr Howard YOUNG, SBS, JP	Mr LAU Kong-wah, JP
Mr LAU Wong-fat, GBM, GBS, JP	Ms Miriam LAU Kin-ye, GBS, JP

Miss CHOY So-yuk, JP
Mr Abraham SHEK Lai-him, JP
Mr Tommy CHEUNG Yu-yan, JP
Mr WONG Kwok-hing, MH
Dr Joseph LEE Kok-long
Mr Jeffrey LAM Kin-fung, SBS, JP
Mr Andrew LEUNG Kwan-yuen, SBS, JP
Mr WONG Ting-kwong, BBS
Mr KWONG Chi-kin
(29 members)

Mr TAM Yiu-chung, GBS, JP
Ms LI Fung-ying, BBS, JP
Mr Vincent FANG Kang, JP
Mr LI Kwok-ying, MH
Mr Daniel LAM Wai-keung, BBS, JP
Mr MA Lik, GBS, JP
Mr CHEUNG Hok-ming, SBS, JP
Mr Patrick LAU Sau-shing, SBS, JP

Against :

Mr LEUNG Yiu-chung
(2 members)

Mr LEUNG Kwok-hung

Abstention :

Mr Albert HO Chun-yan
Mr Martin LEE Chu-ming, SC, JP
Mr James TO Kun-sun
Mr SIN Chung-kai, JP
Mr Andrew CHENG Kar-foo
Ms Audrey EU Yuet-mee, SC, JP
Mr Alan LEONG Kah-kit, SC
(13 members)

Mr LEE Cheuk-yan
Ms Margaret NG
Mr CHEUNG Man-kwong
Dr YEUNG Sum
Mr Frederick FUNG Kin-kee, JP
Mr LEE Wing-tat

36. The Committee approved the proposal.

Item No. 3 - FCR(2005-06)25

**Head 156 – GOVERNMENT SECRETARIAT : EDUCATION AND
MANPOWER BUREAU**

♦ **Subhead 700 General non-recurrent**

**New item “Grant to an Early Retirement Ex-gratia Payment Fund for Aided
Secondary School Teachers”**

37. The Chairman informed members that the Panel on Education was consulted on the proposal at its meeting on 20 June 2005.

38. Dr YEUNG Sum, Chairman of the Panel on Education, said that the Panel was generally supportive of the proposal which would ease the problem of surplus teachers in schools and resolve the mismatch of teachers arising from implementation of the new senior secondary curriculum. In order to maintain the quality of education, the Administration was requested to consider setting a quota for the early retirement scheme based on operational requirements with a view to retaining sufficient quality teachers in the school sector.

39. The Chairman put the item to vote. The Committee approved the proposal.

Item No. 4 - FCR(2005-06)28

GENERAL REVENUE ACCOUNT

HEAD 22 – AGRICULTURE, FISHERIES AND CONSERVATION DEPARTMENT

♦ **Subhead 700 General non-recurrent**

New item “Ex-gratia payments to live poultry farmers, wholesalers and related transporters”

New item “One-off grants to assist affected live poultry farm, wholesale and transport workers”

HEAD 49 – FOOD AND ENVIRONMENTAL HYGIENE DEPARTMENT

♦ **Subhead 700 General non-recurrent**

Item 436 Ex-gratia payment to live poultry retailers surrendering their licences with endorsement to sell live poultry or public market tenancies

Item 437 Re-training and one-off grants to assist affected live poultry retail workers

LOAN FUND

HEAD 262 - PRIMARY PRODUCTS

♦ **New Subhead “Loans to live poultry transporter”**

♦ **Subhead 151 Loans to live poultry retailers**

40. The Chairman informed members that the Panel on Food Safety and Environmental Hygiene (FSEH Panel) was consulted on the Administration’s proposal to formulate a voluntary surrender package for those live poultry farmers, wholesalers and transporters who chose to receive an ex gratia payment (EGP) in exchange for surrendering their licences/tenancies and ceasing operation on a permanent basis at its meetings on 14 March, 7 April, and 14 June 2005.

41. Mr WONG Yung-kan, Deputy Chairman of FSEH Panel, said that apart from meeting with the Administration, the Panel had also invited views from nearly 60 deputations. While the Panel was in support of the extension of the application period for EGP and loans to live poultry retailers, the one-off grant for live poultry retail workers under the voluntary surrender scheme approved by FC on 2 July 2004, and the provision of financial and other assistance to the poultry workers who had lost their jobs as a result of the implementation of the scheme, it was aware that the affected trades had the following very strong views -

- (a) As most of affected trades would wish to continue operation, the Administration should formulate a long-term policy for the sale of live poultry so that the trades could decide on whether they should surrender their licences/tenancies;
- (b) As wild and migratory water fowls were natural carriers of avian influenza virus, the proposed scheme could not have prevented the resurgence of the disease but it might wipe out the entire live poultry industry;

- (c) The proposed EGP was insufficient and thus unattractive; and
- (d) The scheme would not be able to provide affected trades with sufficient financial assistance to meet their future needs.

At the Panel meeting on 14 June 2005, the Panel passed a motion (with four members voting in favour, three members voting against, and the Chairman abstaining from voting) urging the Government to formulate a sustainable policy on agriculture to ensure the continuous operation of the live poultry industry.

42. Mr WONG Yung-kan further said that being the Member returned from the agriculture and fisheries constituency, he was deeply saddened by the Administration's move to introduce measures which were detrimental to the live poultry industry in an attempt to prevent the outbreak of avian influenza. While the industry would not object to the voluntary surrender scheme, it held the view that the Government should formulate a sustainable policy on agriculture to ensure the continuous operation of the live poultry industry. He also pointed out that the Administration should not only focus its attention on measures to prevent the spread of disease by live poultry but should also exercise control on wild and migratory water fowls which were natural carriers of avian influenza virus. He reminded the Administration that the financial assistance given to the affected workers would not be able to support their living for a long time and those who were left out of job would have to rely on Comprehensive Social Security Scheme (CSSA), thereby further straining the public purse.

43. The Secretary for Health, Welfare and Food (SHWF) said that the Administration had explained to members its comprehensive plan of action to deal with the global problem of avian influenza. To reduce the risk of an epidemic outbreak in Hong Kong through close contact between humans and large numbers of poultry, the Administration considered that there was a need to reduce the total live poultry population in Hong Kong, in order that depopulation would be completed within one week if there was an outbreak. In this connection, the Administration proposed that the maximum number of live poultry that might be kept in local farms be capped at around two million. Other measures, including the provision of vaccination against avian influenza for live poultry workers, were also introduced. The efforts made by the Government and farmers in preventing the spread of avian influenza in Hong Kong had proven to be very successful in the past three years. Such efforts were highly commended by the World Health Organization (WHO) and had set a fine example for other neighbouring countries. As regard the concern about the lack of control on wild and migratory water fowls, SHWF said that there was yet evidence on the spread of disease by wild and migratory water fowls to humans. However, there were concrete cases, particularly in Vietnam and other South East countries, on the spread of disease to humans by live poultry. As such, there was a need for ongoing measures to prevent the spread of the disease which could be in the form of a mutated virus. The package of measures under the present proposal was meant to give live poultry retailers, farmers, wholesalers and transporters a choice to surrender their licence/tenancies and cease operation in the live poultry trade.

44. Mr Vincent FANG said that the live poultry trade had all along been very cooperative and had accepted the Administration's advice, including participation in the vaccination programme for avian influenza, despite that the source of virus had yet to be established and the possibility of spreading of disease by wild and migratory water fowls had not been ruled out. He pointed out that most of the affected live poultry trades would like to continue their businesses which had operated for generations. They would not participate in the voluntary surrender scheme regardless of the amount of compensation offered. However, they were concerned that the Administration would proceed with a compulsory termination scheme if the voluntary surrender scheme was not welcomed.

45. SHWF clarified that there was evidence to suggest that the source of the avian influenza virus was from live poultry. Besides, culling of chickens on a large scale had been carried out in the past. The Administration intended to implement the proposal before the winter season when there was a higher risk of outbreak of avian influenza. It was hoped that with the risk management measures in place, there would be no further outbreaks. He added that there was urgency in implementing the scheme to facilitate early consideration by the affected live poultry trades to find out details of the proposed compensation package. The Administration was confident that some affected live poultry trades would be willing to surrender their licences/tenancies.

46. Mr TAM Yiu-chung enquired about the estimated number of affected live poultry trades who would be interested in the voluntary surrender scheme. He held the view that the scheme should aim at attracting the affected trades rather than forcing them to surrender their licences/tenancies. He also considered it necessary for the Administration to work out a sustainable policy on agriculture since it would be very difficult for poultry farmers and workers to find alternative employment in the event of phasing out of the live poultry industry. The one-off cash grant of \$18,000 per worker would not be able to sustain living expenses for a long time and further assistance in the form of retraining would be required.

47. The Acting Director of Agriculture, Fisheries and Conservation (DAFC) said that the provision of \$344.5 million would be sufficient to cover the EGP for poultry farmers, wholesalers and transporters who voluntarily surrendered their licences/tenancies. The Administration had enhanced the package after further negotiations with the live poultry trades. It was expected that about 25% of the live poultry trades would participate in the voluntary surrender scheme. In addition to the re-training courses to be provided by the Employees Retraining Board, the Agriculture, Fisheries and Conservation Department (AFCD) would also offer courses on organic farming and agricultural techniques for the affected farmers and workers. The Administration had no intention at this stage to apply any compulsory termination scheme. The present surrender scheme was purely voluntary and farmers could choose to continue farming provided that proper risk management measures were adopted.

48. Mr Tommy CHEUNG said that the live poultry trades had been very cooperative in abiding by the measures adopted by the Administration in combating

against avian influenza despite the damaging effect of such measures to the trades. As such, the forecast of 25% of the farmers choosing to participate in the voluntary surrender scheme and cease operation of their live poultry farms was doubtful. He pointed out that the package of measures under the voluntary surrender scheme would not only affect the live poultry industry but also the food and catering industry given its impact on the supply of live poultry for local consumption. He also noted that the live poultry trades considered the capping of the number of live chickens to be kept in the farms in Hong Kong at two million unnecessary, which in their view was not able to prevent the outbreak because avian influenza could have been spread by wild and migratory water fowls which the Administration had no control. They were also confident that depopulation of large numbers of chickens could be completed within one week if there was an outbreak in Hong Kong. Besides, there was no record of human infection of avian influenza in Hong Kong since 1997 when the H5N1 virus was first identified.

49. SHWF said that the measures adopted by the Administration in preventing avian influenza were worked out by AFCD, with reference to the assessment made by WHO on risk management. There was a need to impose a ceiling on the maximum number of live poultry that might be kept in local farms to ensure that depopulation could be completed within a short time to contain the spread of the disease.

Compensation for live poultry workers

50. Mr WONG Kwok-hing disapproved of the Administration's insistence that compensation payable to the live poultry workers should be made on condition that their employers had surrendered their live poultry licences to the Government. Despite that some of the conditions for compensation had been revised, further improvement was still required to ease the difficulties which workers might have to face. By way of illustration, one of the live poultry stalls in the Western District Wholesale Market had ceased operation a year ago but the workers were not able to obtain compensation because the owner had not surrendered his licence. To this end, the Administration should seriously consider using records of free vaccination against avian influenza as evidence to facilitate poultry workers in establishing their claims for compensation.

51. SHWF said that the concerns raised by Mr WONG Kwok-hing had been addressed at the past meetings of the FSEH Panel and FC. He said that there were difficulties in assessing the workers' claims for compensation unless the live poultry licences of their employers had been surrendered. He added that the records on free vaccination could not be used to ascertain the workers' eligibility for compensation as these were separate issues. Besides, the present package of compensation, under which a one-off grant of \$18,000 would be provided for each worker, was considered more reasonable and flexible as compared to the earlier provision of a training allowance of \$8,000 and a one-off grant \$10,000 for unemployed workers after retraining.

52. Mr LEE Cheuk-yan said that there were inadequacies in the present licensing system for the sale of live poultry. He pointed out that existing licence holders were

not required to surrender their licences when they ceased to sell live poultry and could use the same licences to sell other food items. Under such circumstances, the live poultry workers would not be eligible for compensation under the voluntary surrender scheme. This was most unfair to the live poultry workers, particularly those who had been laid off by their employers. Therefore, a mechanism should be worked out so that workers would be entitled to compensation once the live poultry stalls ceased to operate. Miss CHAN Yuen-han echoed that many stall operators had downsized their live poultry business and changed to sell other food items since the EGP scheme for retailers was implemented last year. As a result, many live poultry workers had been laid off. However, they were not eligible for compensation because the stall operators did not surrender their licences and many of these workers had since been relying on CSSA.

53. The Deputy Director of Food and Environmental Hygiene (Administration and Development) (DD/FEH(AD)) explained that operators of live poultry stalls in markets managed by the Food and Environmental Hygiene Department (FEHD) had to surrender their market tenancies once they ceased to operate. For live poultry stalls operating under Fresh Provision Shop Licences in private premises and markets not managed by FEHD, the operators concerned would have to surrender the endorsement for selling live poultry in the Fresh Provision Shop Licence in order to be eligible for ex-gratia allowance under the voluntary surrender scheme. They could then use the remaining endorsement in the Licence for selling other kinds of meat. Live poultry workers would only be eligible for retraining and one-off grant under the scheme if their employers surrendered their Licences/market tenancies.

54. Miss CHAN Yuen-han said that the actual situation was more complicated than what was described by DD/FEH(AD). There were cases where live poultry stalls were operating under a borrowed licence and workers were working for several stalls at a time which rendered it difficult to apply the straight-forward formula on compensation based on the surrender of licence. As such, the Administration should not insist on the surrender of the licence before consideration be given to the provision of compensation to the affected workers. DD/FEH(AD) said that stall operators were not allowed to let out their live poultry stalls in FEHD markets as this would lead to revocation of the market tenancies. For those who were working part-time or working for several poultry stalls at the same time, they would not be entitled to ex-gratia allowance unless their employers had all ceased their live poultry retail business under the scheme.

Compensation for live poultry transporters

55. Mr WONG Kwok-hing held the view that the provision of EGP of up to \$50,000 per vehicle for live poultry transporters would not be sufficient to cover the cost for upgrading/conversion of their vehicles and compensating their staff. SHWF explained that as transportation work was not confined to the live poultry trade, the transporters could continue their operation without the need to cease business. DAFC added that the transporters could still be engaged in the delivery of chilled/frozen poultry/meat or other business operations. The approved EGP would be disbursed to the applicants, subject to the provision of evidence to the satisfaction of AFCD that

the proposed vehicular upgrading/conversion had been completed. The upgrading/conversion could include, among others, the installation of refrigerators within the vehicle for the delivery of chilled /frozen meat and poultry. The said EGP was not intended for compensating the termination of employment of transportation workers which should be dealt with separately as part of the employer-employee agreement.

Job opportunities for affected workers

56. Ms LI Fung-ying expressed concern about the 1 200 live poultry workers who would be affected by the voluntary surrender scheme. Given that most of these workers were in their middle age with no other working experience, it would be very difficult for them to find alternative employment. The one-off cash grant of \$18,000 per worker would not be able to support them for a long time. Hence, there was an urgent need for measures to help these workers to return to the workforce. She however noted with concern the conflicting policies between the two departments under the Health, Welfare and Food Bureau, namely the Social Welfare Department which encouraged workers to seek employment and FEHD which encouraged workers to cease employment in the live poultry trades. SHWF said that there was no conflict in the policies because the affected workers could choose to seek alternative employment after re-training. While assistance would be provided to workers as necessary, those who could not find employment could apply for CSSA. DAFC added that the estimated number of workers being affected was based on a survey on the live poultry trades. According to the survey, there were about 500 workers being employed by retailers, 200 by farms and 500 by transporters, making a total of about 1200 affected workers.

57. Mr LEE Cheuk-yan opined that workers of the live poultry industry would be hardest hit by the voluntary surrender scheme which only provided them with a one-off grant of \$18,000 each. He then enquired about the Administration's experience in ensuring that employers had duly discharged their responsibilities under the prevailing EGP scheme for live poultry retailers. He also suggested that consideration be given to including in the future tendering documents for central slaughtering conditions for contractors to offer priority of employment to experienced workers of the live poultry trades. DD/FEH(AD) said that under the EGP scheme for live poultry retailers, the Government would retain 30% of EGP till the employers had discharged their responsibilities towards their employees. Since the implementation of the scheme in July 2004, there were nine cases of labour claims and all of which were satisfactorily resolved. This showed that the mechanism had been working well. As regards the suggestion of offering priority of employment to experienced workers of the live poultry trade, SHWF said that this could be considered but no undertaking could be provided at this stage as central slaughtering was still under planning and the method of culling chickens could be quite different.

Procedural matters

58. Mr WONG Kwok-hing expressed grave dissatisfaction and regret that the Administration had failed to take account of the difficulties and livelihood of live

poultry workers affected by the proposed incentive packages. He opined that the Administration should have formulated a sustainable policy on agriculture to ensure the continuous operation of the live poultry industry. If the present situation was allowed to continue, the entire live poultry industry would be wiped out. He was particularly concerned about the unfair treatment for the live poultry transporters who were not accorded the same compensation as poultry workers. He therefore enquired if separate voting could be allowed for individual items under the present proposal.

59. Mr Tommy CHEUNG said that he would support the extension of the application deadline for the voluntary surrender scheme for live poultry retailers and the provision of EGP for poultry farmers, but not the one-off grants for live poultry farm, wholesale, retail and transport workers and the provision of EGP to the transporters given their impacts on the trades. He therefore agreed with Mr WONG Kwok-hing that individual items under the proposal be separately voted upon. He added that he was not prepared to support the proposal if the request for separate voting was denied.

60. Miss CHAN Yuen-han also supported separate voting for individual items. She held the view that the compensation package for transporters was insufficient to cover the necessary costs for upgrading/conversion of their vehicles. Given the limited employment opportunities for workers and transporters, a more reasonable compensation package should be worked out. She asked if the Administration would consider withdrawing the present proposal in respect of compensation for workers and transporters. SHWF said that in working out the present proposal, the Administration had applied similar criteria as adopted in the past and had taken into account the views of the live poultry trades. The proposed compensation package was considered reasonable and as such, the Administration was not prepared to withdraw the proposal nor would it agree to allow separate voting on individual items.

61. Mr LEUNG Kwok-hung said that the Administration was using an “all or none” tactic by putting individual compensation packages under one single proposal, with a view to forcing members to approve the proposal. It was also trying to persuade the live poultry trades to accept the compensation packages as otherwise a compulsory termination scheme might be necessary in the event of an outbreak of avian influenza. The proposal, if approved, would also pave the way for central slaughtering. Mr LEUNG said that he was not prepared to support the proposal, which in his view had no urgency.

62. Dr YEUNG Sum said that Members of the Democratic Party were in support of the proposal on account of the serious consequences in the event of the resurgence of avian influenza. Besides, the Administration had already enhanced the compensation package after further negotiations with the live poultry trades.

63. The Chairman put FCR(2005-06)28 to the vote. 21 members voted for the proposal and six members voted against. The individual results were as follows:

For :

Mr Albert HO Chun-yan
Mr Martin LEE Chu-ming, SC, JP
Mr CHAN Kam-lam, SBS, JP
Dr Philip WONG Yu-hong, GBS
Mr Jasper TSANG Yok-sing, GBS, JP
Mr LAU Kong-wah, JP
Mr TAM Yiu-chung, GBS, JP
Ms Audrey EU Yuet-mee, SC, JP
Mr LI Kwok-ying, MH
Mr MA Lik, GBS, JP
Mr WONG Ting-kwong, BBS
(21 members)

Mr LEE Cheuk-yan
Mr CHEUNG Man-kwong
Mr SIN Chung-kai, JP
Mr WONG Yung-kan, JP
Dr YEUNG Sum
Miss CHOY So-yuk, JP
Mr Abraham SHEK Lai-him, JP
Mr LEE Wing-tat
Dr Joseph LEE Kok-long
Mr CHEUNG Hok-ming, SBS, JP

Against :

Miss CHAN Yuen-han, JP
Mr Tommy CHEUNG Yu-yan, JP
Mr WONG Kwok-hing, MH
(6 members)

Ms LI Fung-ying, BBS, JP
Mr Vincent FANG Kang, JP
Mr KWONG Chi-kin

64. The Committee approved the proposal.

Item No. 5 - FCR(2005-06)29

CAPITAL WORKS RESERVE FUND

HEAD 708 - CAPITAL SUBVENTIONS AND MAJOR SYSTEMS AND EQUIPMENT

Transport Department

♦ New Subhead "Expansion of Red Light Camera System, Phase 2"

65. The Chairman informed members that the Panel on Transport noted the proposal at its meeting on 24 June 2005.

66. Mr Howard YOUNG expressed support for the expansion of the red light camera system to cover more signalized junctions over the territory as this would enhance the deterrent effect against red light jumping and ensure public safety. He was however concerned that the expansion programme could not be completed by 2006 as pledged given that the estimate on cash flow straddled until 2007-08. He also enquired if further funding would be sought to replace the existing outdated wet film cameras. The Deputy Secretary for the Environment, Transport and Works (Transport) (DS/ETW(T)) explained that the estimated cash flow for 2007-08 was meant to provide for the release of the retention money to the suppliers after the system had been performing satisfactorily after the one-year defect liability period. The Administration intended to proceed with the expansion programme as soon as possible. According to the implementation plan, the commissioning of the first and second batches of cameras would take place in April and July 2006 respectively while the 20 cameras and housings at the new locations would take place in October 2006 as more time was needed for road excavation works. As regards the wet film cameras,

DS/ETW(T) said that these were procured in 1990's and were still performing satisfactorily. However, they would be due for replacement in a few years' time when their service span expired. The Administration would review the need for further expansion of the red light camera system to cover more traffic black spots and the replacement of the existing wet film cameras.

67. Mr LEE Cheuk-yan said that the expansion programme should have been implemented a long time ago. As the driving-offence points for failure to comply with traffic signals would be increased from three to five in January 2006, there was a need for early expansion of the coverage of the red light camera system, which would not only provide greater deterrent effect and more objectivity in enforcement, but also minimize disputes between drivers and the Police on charges of red light jumping. He then asked if the implementation time table could be expedited in such a way that all the 68 cameras and the housings could be commissioned by April 2006 given that the latter could be made in advance. DS/ETW(T) explained that the Administration had expedited the programme by compressing the tendering schedule and advancing the implementation plan, which was originally scheduled to start in 2007. She added that the digital cameras to be used for the red light camera system were not readily available as they had to be made in accordance with the specifications to satisfy the evidential requirements as advised by the Department of Justice. There were only a few hundred of such cameras in use in the world, with London having 20 while Toronto having 10. There were not too many manufacturers worldwide who were able to manufacture these cameras. As those manufactured in the Mainland could not meet the requirements of the Hong Kong courts, the Administration had to engage German manufacturers for the purpose. In view of the unique specifications, only about six cameras could be manufactured each month. Therefore, the time required for manufacturing these cameras had to be taken into account in the implementation plan. As to whether the housings for the cameras could be ordered in advance, DS/ETW(T) said that this might not be possible as the housings and the cameras would need to be made and fitted together by the same manufacturer.

68. Ms Miriam LAU expressed support for the early commissioning of the expanded red light camera system. She said that the reason for the few numbers of red light cameras in overseas countries might have been attributed to their prosecution policies and legislative control over privacy matters. The number of red light cameras in Shenzhen was however much higher, amounting to 816 in over 500 signalized junctions. She was disappointed to learn that the Administration only intended to install red light cameras at 20 new locations despite the surge in red light jumping incidents. She questioned if the 96 cameras provided for in the 131 locations had covered all the traffic black spots for red light jumping, adding that it might be necessary to increase the camera-to-housing ratio to 1:1 to enhance the deterrent effect. Her views were shared by Dr YEUNG Sum. DS/ETW(T) said that Shenzhen had different evidential requirements and prosecution policy. The locations for installing red light cameras were decided after an objective assessment of the frequency and consequence of red light jumping incidents. She also confirmed that the 131 locations referred to had covered most of the known red light jumping black spots. In light of the concern raised by some LegCo Members on the inadequacies of the existing camera-to-housing ratio of 1:4, the Administration

proposed to increase the ratio to 1:1.4 through the provision of 68 new digital cameras. The three-fold increase in the ratio would greatly enhance the deterrent effect. Unlike the wet film cameras which would continue to operate under a rotational basis, the new digital cameras would be affixed onto their tailor-made housings without rotation. Meanwhile, the Administration would review the number and locations of cameras and housings from time to time and funding would be sought as necessary.

69. Since the cost of cameras was much higher than the cost of housings, Mr Martin LEE considered that more empty housings should be installed to enhance the deterrent effect as the presence of the housing itself, with or without the camera inside, could deter drivers from red light jumping which carried a high penalty charge plus a deduction of five driving-offence points. He said that these housings should not be confined to traffic black spots only, but should be provided in other locations as well to enhance the deterrent effect. There might not be a need to make public these locations too. DS/ETW(T) reiterated that the installation of additional cameras was made to address the concerns raised by some LegCo Members about insufficient deterrent effect if there were many empty housings. She nevertheless agreed to review the need for more housings in other locations.

70. While supporting the expansion of coverage of the red light camera system, Mr WONG Kwok-hing shared Mr Martin LEE's view on the need to provide more housings to increase the deterrent effect. He also considered it necessary to expedite the implementation plan, and that more funds should be sought for further expansion of the programme. DS/ETW(T) said that the Administration had endeavoured to expedite the expansion programme by compressing the schedule. Given the resource implications in expanding the coverage of the red light camera system, this was initially confined to the red light jumping black spots, to be expanded further at a later stage.

71. Mr WONG Ting-kwong said that the deterrent effect of empty housings would be low as professional drivers had the means to know through their own communication channels whether the housings were empty or not. Hence, there was a need to install cameras within the housings in order to achieve the desired deterrent effect. He said that with the increase in the penalty level and driving-offence points for red light jumping, it was hoped that the number of such offences would reduce significantly. He would look forward to the further expansion of the coverage of the red light camera system.

72. The Chairman put the item to vote. The Committee approved the proposal.

73. Since this was the last FC meeting in the 2004-05 legislative session, the Chairman thanked members, the Administration and the Legislative Council Secretariat for their support and cooperation over the past year.

74. The meeting was adjourned at 7:00 pm.