

立法會
Legislative Council

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Finance Committee of the Legislative Council

**Minutes of the 2nd meeting
held at the Legislative Council Chamber
on Friday, 2 November 2007, at 3:00 pm**

Members present:

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

Hon LI Fung-ying, BBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon Albert CHAN Wai-yip
Hon Frederick FUNG Kin-kee, SBS, 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, JP
Dr Hon Joseph LEE Kok-long, JP
Hon Daniel LAM Wai-keung, SBS, JP
Hon Jeffrey LAM Kin-fung, SBS, 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 CHIM Pui-chung
Prof Hon Patrick LAU Sau-shing, SBS, JP
Hon Albert Jinghan CHENG, JP
Hon KWONG Chi-kin
Hon TAM Heung-man

Members absent:

Hon Albert HO Chun-yan
Hon CHAN Yuen-han, SBS, JP
Hon LEUNG Yiu-chung
Hon Howard YOUNG, SBS, JP
Hon LAU Wong-fat, GBM, GBS, JP

Public officers attending:

Professor K C CHAN, SBS, JP	Secretary for Financial Services and the Treasury
Mr Stanley YING, JP	Permanent Secretary for Financial Services and the Treasury (Treasury) (Designate)
Miss Amy 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)
Ms Esther LEUNG	Deputy Secretary for Home Affairs (3)

Ms Winnie SO	Principal Assistant Secretary for Home Affairs (Culture) ¹
Professor Kevin THOMPSON	Director Hong Kong Academy for Performing Arts
Mr Kenneth IP	Dean of Film and Television Hong Kong Academy for Performing Arts
Mr Philip SODEN, MH	Associate Director (Operations) Hong Kong Academy for Performing Arts
Mr Geoffrey STITT	Head of Post Production Hong Kong Academy for Performing Arts
Mr Alex LEE	Lecturer (Television) Hong Kong Academy for Performing Arts
Ms Winnie SIN	Bursar Hong Kong Academy for Performing Arts
Mr MAK Chai-kwong, JP	Permanent Secretary for Development (Works)
Miss Janet WONG, JP	Deputy Secretary for Development (Works) ¹

Clerk in attendance:

Ms Pauline NG	Assistant Secretary General 1
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Staff in attendance:

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

Action

Item No. 1 - FCR(2007-08)31

HEAD 53 – GOVERNMENT SECRETARIAT : HOME AFFAIRS BUREAU

♦ Subhead 942 Hong Kong Academy for Performing Arts

New item “Upgrading of the film/television studio and the video production/post-production facilities at the School of Film and Television”

The Chairman informed members that the Panel on Home Affairs was consulted on the proposal at its meeting on 16 July 2007.

2. Dr YEUNG Sum said that Members of the Democratic Party were supportive of the proposal to upgrade the existing film/television studio and video production/post-production facilities at the School of Film and Television (the School) of the Hong Kong Academy for Performing Arts (HKAPA). They also welcomed the use of the historical Bethanie as HKAPA's second campus in Pokfulam.

3. While expressing support for the proposal, Dr KWOK Ka-ki enquired whether the proposal would enhance the training of more artists to meet the demand arising from the development of cultural centres at West Kowloon Cultural District Development. The Director, HKAPA said that HKAPA had been very proactive in the training of performing arts. By way of illustration, HKAPA had been providing a re-skilling programme throughout the summer to meet the burgeoning cultural needs within the region, including Macau. There could be three times as many graduates in theatre and entertainment arts and they could still be able to secure employment within the performing industry. The Deputy Secretary for Home Affairs (3) said that the manpower supply and demand in the theatre and entertainment arts would be reviewed in the context of a comprehensive manpower mapping survey on culture and the arts. Meanwhile, there was an imminent need to upgrade the existing film/television studio and video production/post-production facilities at the School with a view to providing more effective teaching facilities for students.

4. Miss CHOY So-yuk said that Members of the Democratic Alliance for the Betterment and Progress of Hong Kong would support the proposal as this would nurture greater creativity among students. Noting that the installation and commissioning of the second batch of equipment would be completed by July 2009, she enquired if the process could be expedited by making use of the Christmas breaks, instead of only the summer breaks. The Dean of Film and Television, HKAPA (D of F&T, HKAPA) said that the equipment would be acquired and installed in two batches. Nevertheless, HKAPA would endeavour to expedite the process as far as possible.

5. While supporting the proposal, Ms Emily LAU noted that there was a complaint about the handling of filming equipment which had already been installed in Bethanie but had to be temporarily returned to the Wanchai campus due to high humidity at Bethanie, causing disruption to classes and additional expenditure. As the video production equipment to be purchased under the proposal was for the School of Film and Television (the School) which conducted its classes at Bethanie, Ms LAU enquired whether Bethanie was suitable for filming activities and whether any damage had been caused to the filming equipment which was moved back to Wanchai.

6. The Associate Director (Operations), HKAPA (ADir(O),HKAPA) said that based on the equipment manufacturers' recommendation, the design criteria for rooms housing sensitive equipment had been set at a temperature of 23°C and a relative humidity of 50%. The project consultant's design solution included provision of dehumidifiers which would operate overnight while the air-conditioning was switched off. Owing to the acoustic requirement for recording, the dehumidifiers had to be turned off during daytime. However, under certain conditions when there was only a small differential between outside air temperature and desired inside air temperature, the airconditioning was not working very hard and did not precipitate enough moisture out of the air, resulting in higher humidity than was tolerable and hence the need to move the equipment back to the Wanchai campus.

7. Prof Patrick LAU asked if the air-conditioning and dehumidification facilities had been re-designed to suit the unique situation of Bethanie, and the time table for moving to the Bethanie campus.

8. ADir(O),HKAPA said that modifications to the design of the air-conditioning and dehumidification facilities had just been started and were expected to be completed by end of March 2008. This would be followed by testing and monitoring during humid weather conditions in April/May 2008 to make sure that the modified facilities could meet the required standards. The move of the humidity-sensitive equipment back to Bethanie would take place during the summer break to minimize disruption to students.

9. D of F&T, HKAPA stressed that the HKAPA management took the decision to temporarily return the equipment to the Wanchai campus in August 2007 to ensure that there would be no disruption to classes. As a result, none of the valuable electronic equipment had been damaged and this had been in daily use for teaching production and post-production courses at the Wanchai campus. Apart from coursework which required the use of the humidity-sensitive equipment, the School was still based in Bethanie. Meanwhile, the electrical and maintenance consultants of HKAPA were urgently working on technical improvements at Bethanie to overcome the humidity problem.

10. In response to Ms Emily LAU's enquiry on the impact of the relocation costs on HKAPA, the Bursar, HKAPA (B,HKAPA) said that the cost of the relocation of the equipment to the Wanchai campus was \$306,117. This was funded by HKAPA's income from the commercial hiring of its performance venue which had an accumulated total of \$20 million as at 30 June 2007. B,HKAPA confirmed that additional funding would be required for the rectification works and moving the equipment back to Bethanie, but the cost for moving the equipment back to Bethanie would likely be less than \$300,000 as some of the ducting and cabling work could be reused. Ms LAU stressed the need for exercising greater care in the use of public resources and preventing recurrence of similar problems in future. Besides, the commercial income to fund the moving of the equipment could have been used for students' activities, scholarships and other contingencies. ADir(O),HKAPA added that the money was spent to protect the \$18 million worth of humidity-sensitive equipment. If the money was not spent, the equipment would be at greater risk.

11. The Chairman hoped that the school management could learn from this incident and avoid recurrence of similar problems in future. At members' request, the Administration was requested to provide a report on the rectification of the humidity problems at Bethanie upon completion of the relevant works.

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

Item No. 2 - FCR(2007-08)32

CAPITAL WORKS RESERVE FUND

HEAD 702 – PORT AND AIRPORT DEVELOPMENT

HEAD 703 – BUILDINGS

HEAD 704 – DRAINAGE

HEAD 705 – CIVIL ENGINEERING

HEAD 706 – HIGHWAYS

HEAD 707 – NEW TOWNS AND URBAN AREA DEVELOPMENT

HEAD 708 (PART) – CAPITAL SUBVENTIONS

HEAD 709 – WATERWORKS

HEAD 711 – HOUSING

Delegation of Financial Powers

13. The Chairman informed members that the Panel on Development was consulted on the proposal at its meeting on 23 October 2007. On behalf of the Chairman of the Panel on Development who were not present at the meeting, he reported that the Panel was supportive of the proposal to increase the financial ceiling of the delegated authority for Category D items in the Capital Works Programme (CWP) from \$15 million to \$21 million.

14. Mr James TIEN recalled that when the Administration's preliminary proposal of increasing the financial ceiling of the delegated authority for Category D items in the CWP from \$15 million to \$30 million was discussed at the Finance Committee (FC) meeting on 1 June 2007, Members of the Liberal Party (LP) were opposed to the proposal. The Administration had subsequently revised the preliminary proposal to only increase the financial ceiling from \$15 million to \$21 million to cater for inflation without pursuing for further increase from \$21 million to \$30 million to enhance capital works expenditure. While not opposing to the revised proposal, LP Members were concerned if the financial ceiling would have to be reviewed annually to cater for inflation. The Permanent Secretary for Development (Works) (PS(W)) said that the existing level of delegation was approved by FC in 1995, which was more than 12 years ago. The Administration did not intend to review the financial ceiling on an annual basis unless there were justifiable reasons to do so.

15. Referring to her earlier enquiry as set out in a letter to the Administration tabled at the meeting, Ms Emily LAU sought clarification on whether the design/consultancy studies of large-scale projects fell under the ambit of Category D items. PS(W) explained that under the established practice, both construction works and design/consultancy studies were under the ambit of Category D items and hence would fall within the purview of the current proposal. However, for large-scale projects, the cost of funding preliminary design and consultancies would generally be above the proposed limit of Category D i.e. \$21 million. For the past five Legislative Council (LegCo) sessions, only two funding submissions pertaining to preliminary design and consultancies fell within the range of \$15 million to \$21 million. In order to avoid large-scale projects running into very divergent views when their planning had reached an advanced stage, the Administration would consult the relevant LegCo Panels as well as the public at an early stage. Ms LAU enquired whether the Administration would confirm this undertaking in writing so that it would

be a standing practice for Bureaux to consult the relevant LegCo Panels if the Category D items were related to the preliminary design or consultancies of large-scale projects. PS(W) said that as the works departments would meet regularly to discuss the progress of CWP, they would be reminded of this as and when such projects arose. The Deputy Secretary for Development (Works) (DS(W)) undertook to add such a requirement in the technical circulars being distributed among the works departments on the points to note in the engagement of consultants.

16. Dr KWOK Ka-ki was concerned that with the approval of funds under delegated authority for the design and consultancy studies for major projects, such as the Central and Wanchai Bypass, the Administration could proceed with the projects on grounds that funds had already been committed. He enquired if there were any mechanisms to ensure that relevant LegCo Panels would be consulted, and that funding for these studies would be submitted to FC for prior approval. There was also a need to ensure that the concerns raised by Panel members would be followed up. PS(W) said that at around December in every LegCo session, the Administration would deposit a full list of proposed Category D items at the LegCo Secretariat for members' information. Moreover, the Administration would also submit a list of potential capital works items to be submitted to the Public Works Subcommittee. When the items were discussed by the relevant Panels, the Administration would take appropriate actions to follow up on members' concerns. As for the Central reclamation works, the project had to proceed not because a consultancy study was being conducted but because a construction contract had been signed.

17. Mr LEE Cheuk-yan questioned the propriety of adopting the Civil Engineering Works Index and the Highways Department Construction Cost Index in working out the cost of works, which were said to have increased by 44%. He pointed out that these indices did not tally with the level of wages of construction workers, which had largely remained at the same level since 1995. There might be a need to have a closer look at the breakdown of the cost increase. PS(W) said that the cost indices were worked out having regard to the level of wages (for both full and part-time employees) and the cost of construction materials, the latter of which had increased significantly over the last few years.

18. While supporting the proposed increase in the financial ceiling, Mr LEUNG Kwok-hung expressed doubt if this would help expedite the delivery of public works projects having regard to past experience where the annual provision of \$29 billion for public works had always not been fully utilized. PS(W) said that past records showed that CWP expenditure in four out of the past 15 years had exceeded \$29 billion, and that there had been quite a number of years when the expenditure was close to \$29 billion. The CWP expenditure would very much depend on whether the projects were able to proceed as planned. The overall CWP expenditure was low this year because many of the large-scale projects were substantially completed in 2005-06, while others had yet to be commenced due to various reasons. In this connection, Mr LEUNG enquired whether it was feasible to provide incentives to encourage the use of non-pre-fabricated units in construction projects so as to increase job opportunities for the local workforce. PS(W) said that the question of whether pre-fabricated units or in situ construction methods should be used would depend on the nature of the construction project.

19. Mr WONG Kwok-hing said that he would support the proposal as the increase in financial ceiling would expedite the delivery of Category D items in the CWP. He enquired about the projects which could be expedited as a result of the implementation of the proposal. PS(W) responded that with the approval from FC for the increase in financial ceiling, there would be 28 Category D items within the range from slightly below \$15 million to \$21 million which could proceed under the delegated authority. These would include 14 building projects, seven water works projects, three road works projects, and four sewerage and drainage works projects, the total cost of which would amount to \$470 million. Meanwhile, works departments would take measures to compress/streamline the administrative procedures with a view to shortening the lead time for medium size civil engineering projects from the existing 45 months to no more than 40 months.

20. Despite the \$70 billion worth of public spending, Mr Albert CHAN noted with concern that only a very small percentage would be used to meet the needs of Tin Shui Wai (TSW) residents. He asked if efforts could be made to expedite the planned facilities at TSW, such as the medical centre, recreational facilities and swimming pools, some of which were way behind schedule. He also emphasized the need for early consultation to avoid delay in the delivery of projects as a result of objections. Expressing similar concern, Mr WONG Kwok-hing noted that the Chief Executive had pledge to spend \$20.4 billion for CWP in 2007-08. He opined that apart from Category D items, other public works projects like the hospital at Tung Chung and the planned facilities at TSW could be expedited as well.

21. DS(W) said that the Administration attached great importance to public engagement and would conduct consultation at an early stage. By way of illustration, departments were required to conduct heritage impact assessments at the conceptualization stage. District views would also be sought for projects even of small scale such as greening works. As regards facilities in TSW, PS(W) said that the Administration was well aware of the plight of TSW residents, and that efforts would be made to expedite the delivery of the hospital at Tung Chung as well as the planned facilities in TSW as far as practicable. As at present, four construction projects, including a basketball court, a football court, leisure and recreational facilities at Area 107 as well as a community hall at Area 103, had been completed or were under construction within TSW, costing about \$146 million. Another major project under planning with cost of about \$400 million would involve the construction of a community hall and sports centre at Area 101. To facilitate understanding, the Administration was requested to -

- (a) provide a list of projects which could be expedited as a result of the increase in the financial ceiling of the delegated authority for Category D items in the CWP;
- (b) advise whether other public works projects, particularly the hospital in Tung Chung, could be expedited;
- (c) advise the revised timeframe for the provision of planned facilities for TSW area as a result of the increase in the financial ceiling; and

- (d) advise whether consideration could be given to providing additional facilities for TSW on top of the planned facilities taking into account the plight of the residents concerned.

22. Mr LEE Cheuk-yan requested that the medical centre at TSW, which was scheduled for completion in 2012, should be expedited. Mr LEUNG Kwok-hung also pressed for better planning for TSW in an attempt to address the plight of residents there. PS(W) said that projects which had entered into the construction stage would be proceeded with expeditiously. As for the concern about the late completion of the medical centre at TSW, he agreed to look into the matter and advised that works departments would accord top priority to projects in TSW and would take every step to shorten the planning lead time with a view to achieving early commencement of construction.

23. Mr Albert CHAN opined that there was a need to ensure that affected residents, particularly those in remote areas, were properly notified of the implementation of projects. He said that the notices posted at the District Offices/Heung Yee Kuk were often removed and affected residents might not be aware of the projects under consultation. He would therefore suggest that affected residents living in rural villages should be notified individually by notices delivered by mail. DS(W) said that village projects were coordinated by the Home Affairs Department (HAD), and a dedicated block vote for district-based minor works had been set up, for which annual allocation of \$300 million would be sought. She agreed to relay Mr CHAN's request to HAD for its consideration.

24. Ms Audrey EU said that Members of the Civic Party would support the proposed increase in financial ceiling from \$15 million to \$21 million. She however stressed that this should not be taken to mean that the Administration should seek to adjust the financial ceiling upwards whenever there was inflation. She also pointed out the need for the Administration to streamline procedures with a view to expediting the delivery of public works projects. She would appreciate the Administration's efforts to consult the relevant LegCo Panels at an early stage on items of a controversial nature.

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

Item No. 3 - FCR(2007-08)33

Discussion paper on the review of the procedures of the Finance Committee and its subcommittees

26. The Chairman said that members were invited to endorse amendments to the Procedures of the Finance Committee and its two subcommittees, namely the Establishment Subcommittee and the Public Works Subcommittee, as set out in the discussion paper.

27. In response to Ms Emily LAU's question on the procedure for dealing with motions moved for deciding on matters under the Public Finance Ordinance (Cap 2), the Clerk explained that paragraph 37 of the FC Procedure dealt with motions that were moved by a member and were qualified as an agenda item for discussion at a meeting. These motions were substantive motions on matters that were within the powers of FC to decide. They included motions amending procedures, and motions imposing conditions, exceptions or limitations on the Financial Secretary's power delegated to him. For those motions which were dependent on other agenda items of the same meeting, e.g. a motion to impose conditions in respect of a Capital Works Reserve Fund (CWRF) item on the agenda of a FC meeting, it was not likely that a notice of six clear days for the motion could be given, as the notice requirement for a CWRF item was only six clear days. The current Procedure had provided that shorter notice might be given if the Chairman so directed. In order that members and the Administration had adequate time before the meeting to consider the proposed conditions, exceptions or limitations specified in a motion, it was proposed that the shorter notice for these circumstances be set at not less than two clear days. The Legal Adviser said that the motions moved under the Ordinance (Cap. 2) would have legal effect once they were passed.

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

29. The meeting was adjourned at 4:20 pm.