

立法會
Legislative Council

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Finance Committee of the Legislative Council

**Minutes of the 3rd meeting
held at the Legislative Council Chamber
on Friday, 16 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
Hon Albert HO Chun-yan
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
Hon Margaret NG
Hon James TO Kun-sun
Hon CHEUNG Man-kwong
Hon CHAN Yuen-han, SBS, JP
Hon Bernard CHAN, GBS, JP
Hon CHAN Kam-lam, SBS, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP
Hon LEUNG Yiu-chung
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
Hon Howard YOUNG, SBS, JP
Dr Hon YEUNG Sum, JP
Hon LAU Chin-shek, JP
Hon LAU Kong-wah, JP
Hon LAU Wong-fat, GBM, GBS, 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 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

Members absent:

Dr Hon LUI Ming-wah, SBS, JP
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon LEE Wing-tat
Hon TAM Heung-man

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)
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 Bernadette LINN, JP	Deputy Secretary for Education (2)

Ms Mable CHAN	Principal Assistant Secretary for Education (Infrastructure and Research Support)
Mr YUE Chi-hang, JP	Director of Architectural Services
Miss Yvonne CHOI, JP	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Mr David LEUNG	Principal Assistant Secretary for Commerce and Economic Development (Commerce and Industry)
Mr Lawrence WONG	Deputy Commissioner of Customs and Excise
Mr CHOW Kwong	Assistant Commissioner of Customs and Excise (Boundary and Ports)
Mr LI Wai-chiu	Senior Systems Manager (Special Duties) Customs and Excise Department

Clerk in attendance:

Ms Pauline NG	Assistant Secretary General 1
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Staff in attendance:

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)34

**RECOMMENDATIONS OF THE PUBLIC WORKS SUBCOMMITTEE
MADE ON 31 OCTOBER 2007**

The Chairman informed members that Ms Emily LAU had requested that PWSC(2007-08)46, PWSC(2007-08)47 and PWSC(2007-08)48 should be voted separately.

2. On PWSC(2007-08)49, PWSC(2007-08)50 and PWSC(2007-08)51, Ms Emily LAU noted that the Administration had provided supplementary information on the breakdown of the land resumption and clearance costs and the standard rates for calculating the land acquisition cost. She considered this very useful and requested the Administration to include such information in the submission to the Public Works Subcommittee in future for all drainage projects.

3. The Chairman put FCR(2007-08)35 except to the vote.

4. The Committee approved the proposal.

PWSC(2007-08)46	340EP	A 24-classroom primary school at Inverness Road, Kowloon City
PWSC(2007-08)47	339EP	A 30-classroom primary school at Fuk Wing Street, Sham Shui Po
	341EP	An 18-classroom primary school at Fuk Wing Street, Sham Shui Po
PWSC(2007-08)48	261ES	Secondary school at Aberdeen Reservoir Road, Aberdeen

5. The Chairman proposed to discuss the projects together. Members agreed.
6. Dr YEUNG Sum said that Members of the Democratic Party would support the proposals to implement whole-day primary schooling in the schools in the Sham Shui Po and Kowloon City districts. The proposed reprovisioning of the secondary school at Aberdeen Reservoir Road was also supported.
7. While not opposing to the proposed school projects, Ms Emily LAU was concerned about the possible impact of the policy on small-class teaching on the size and number of classrooms in the proposed schools to be built. Noting from the Administration's supplementary information note that modifications to the design would have to be pursued by way of conversion works in future since the number of classrooms that could feasibly be added would likely to be small, she asked how the Administration could optimize the use of the sites to meet the demand for classrooms arising from small-class teaching.
8. The Deputy Secretary for Education (2) (DS(Ed)(2)) said that the School Building Programme aimed to provide additional schools and space/facilities catering for demand arising from various education initiatives, such as whole-day primary schooling and reprovisioning of schools. Following the announcement of the policy on small-class teaching in primary schools by the Chief Executive in his 2007-2008 Policy Address, it would indeed be prudent to take into account any demand for additional classrooms when the Administration took forward the planning of new school projects in the pipeline. That said, the demand for additional classrooms arising from small class teaching could not be ascertained at this stage. Under the new policy, all schools would be given an option to decide whether or not they would like to embark on small-class teaching. When opting for small-class teaching, a school would be admitting fewer students per class under the same approved class structure. The need for additional classrooms would not arise until the school net in which the school was located required extra classes to meet the demand resulting from small-class teaching. The Administration would start to consult stakeholders on the implementation details towards the end of the year. Before schools indicated their option having regard to these details, a realistic assessment of the supply and demand for classrooms in each school net could not be arrived at.
9. As regards the three school projects, DS(Ed)(2) said that there was a limit to which these could be expanded to meet additional demand, if any, for classrooms in the school net concerned owing to site constraints. Since the number of classrooms

to be added would likely to be small, it would be less disruptive to the current works schedule if such modifications were pursued through conversion works. It was worth noting that even with a fewer number of students in a class under small class teaching, it was not the policy intention of the Administration to reduce the size of the classroom as so doing would go against the objective of small-class teaching which aimed to improve the quality of teaching. It was envisaged that there would be more teacher-student interactions, including group activities in small classes, and it would be necessary to keep the space to better accommodate such activities.

10. Ms Emily LAU opined that the design should provide certain degree of flexibility for schools to cope with subsequent changes arising from small-class teaching. The Director of Architectural Services said that the design of the proposed school projects could not cater for major changes in requirements. The area of the two school sites at Inverness Road and Aberdeen Reservoir Road was smaller than the standard and the development was also constrained by height restrictions. As for the school at Fuk Wing Street, it was technically feasible to make provision for an additional floor in the design of the foundation if necessary to allow space to accommodate the possible demand for additional classrooms arising from small-class teaching.

11. In view of the increased demand arising from small-class teaching, Mr LEUNG Yiu-chung was of the view that it would be better for schools to get prepared now rather than resorting to conversion works at a later stage as recommended by the Administration. Alternatively, he added that as the Administration had indicated that it would take time for a more realistic assessment on the supply and demand of classrooms in each school net, it would be more prudent to wait for the outcome of the assessment than proceeding with the projects now to avoid any waste of public money. DS(Ed)(2) said that it might not be appropriate nor justified to commit into a larger scope of works with the risk of over-provisioning at the present stage, without knowing the scope of changes which might incur in future. It was expected that by mid-2008, a more realistic assessment could be made on the demand for additional classrooms in the school nets. In order to meet the increased demand, consideration could be given to undertaking conversion works and/or minor works to provide for additional classrooms as a short-term measure and to provide for new schools as a long term measure. It was worth noting that any changes in the project scope and design at this late stage would cause substantial delay to the school projects. The Administration was anxious to proceed with **339EP** and **340EP** to facilitate the schools concerned to turn to whole-day operation which was a policy commitment which it had pledged to achieve. Besides, there was a limit to which the school projects could be expanded to meet additional demand for classrooms in the school net given the site constraints. The relevant School Sponsoring Bodies (SSBs) had also requested the Administration to proceed with the respective school building projects based on the present scope of works and design without further delay.

12. Noting that fewer students would be enrolled under small-class teaching, Ms Emily LAU was concerned that those schools which were expected to have a high enrolment rate would not opt for small class teaching. DS(Ed)(2) said that it was not possible to speculate on whether or not the schools would operate small-class teaching as the decision would rest with SSBs, taking into account the interests of the students as well as the community's aspirations. In response to Ms LAU's question on

whether funding for schools would not be reduced if they opted for small-class teaching, DS(Ed)(2) explained that apart from special funding for catering to the needs of individual students and disbursed on the basis of student number, the majority of funding for primary schools was based on the number of classes and not students. Hence, generally there would not be any reduction in funding as a result of small-class teaching.

13. Mr CHEUNG Man-kwong said that the sites at South East Kowloon Development Area were initially given to the relevant SSBs for the development of the proposed school projects for implementing whole-day primary schooling. However, the sites were subsequently withdrawn due to planning reasons. The SSBs concerned had appealed to Duty Roster Members for assistance under the Legislative Council Redress System. Through the joint efforts of the different political parties, the Government had subsequently agreed to allocate sites at the Inverness Road and Fuk Wing Street to the schools concerned. The community had high aspirations for the schools and had waited a long time for their provision. Any further delay due to changes in design to cater for small-class teaching would not be welcomed. Besides, the demand for additional classrooms could be met through conversion works and/or changes in the demarcation of the school net. He would therefore support the early completion of the proposed school projects.

14. While supporting the funding proposals and the early completion of the school projects, Miss CHOY So-yuk requested for the provision of roundabouts at the schools to facilitate pick-up arrangements. She noticed that in the absence of roundabouts, drivers would need to make U-turns when entering and leaving school premises, leading to traffic congestion and inconvenience.

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

Item No. 2 - FCR(2007-08)35

CAPITAL WORKS RESERVE FUND

HEAD 710 – COMPUTERISATION

Customs and Excise Department

◆ New Subhead “Road Cargo System”

16. The Chairman informed members that the Panel on Commerce and Industry was consulted on the proposal at its meeting on 16 October 2007.

17. Mr Vincent FANG, Chairman of the Panel on Commerce and Industry said that the Panel generally supported the proposed funding for implementing the Road Cargo System (ROCARS), but had raised the following points at the Panel meeting on 16 October 2007 -

- (a) the interests of traders, in particular the small and medium enterprises, should be safeguarded while implementing ROCARS. The Administration should consider imposing a requirement in the tender such that ROCARS could be compatible with the Government

Electronic Trading Services with a view to minimizing traders' efforts and time in inputting cargo information repeatedly among these systems;

- (b) there was a need for back-up systems and contingency measures to ensure smooth cargo movement as any delay in cross-boundary cargo consignments might cause economic losses to traders; and
- (c) adequate training should be provided to the cross-boundary truck drivers with a view to helping them acquire the necessary information and technology skills for using the proposed electronic system.

Mr FANG added that Members of the Liberal Party were supportive of the proposal on account of the need to cope with the ever-increasing cross-boundary road cargo movement. He opined that ROCARS would be the way forward for customs clearance of road cargoes, which was in line with the global trend.

18. Mr WONG Kwok-hing enquired about the savings resulting from the implementation of ROCARS and the deployment of affected staff at the land boundary control points (LBCPs). The Deputy Commissioner of Customs and Excise (DC of C&E) said that with the full implementation of ROCARS in 2011, the Customs and Excise Department (C&ED) would not need to station officers at the customs kiosks at LBCPs. There would be manpower savings from deletion of 134 Senior Customs Officer posts and the staff would be redeployed to perform other customs duties.

19. Ms Miriam LAU expressed support for funding to implement ROCARS. She recalled that discussion had been held earlier on the implementation of the road cargo manifest (ROMAN) system, which aimed to facilitate electronic submission of cargo manifests for road cargoes. She enquired if ROCARS and ROMAN were in fact referring to the same system. The Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (PSCED(CIT)) explained that ROCARS involved eight fields of cargo data intended to facilitate computer-assisted risk assessment while ROMAN dealt with electronic submission of road cargo manifest involving 17 fields of cargo data. The Administration had adopted a modular system configuration in designing the ROCARS which could be enhanced promptly to cater for future upgrading, including the electronic submission of all data in a road cargo manifest when the conditions were ripe. The Administration planned to roll out ROCARS in the third quarter of 2009 and after an 18-month transitional period, the use of electronic services would be made mandatory in early 2011.

20. Ms Miriam LAU noted that with the implementation of ROCARS, C&ED would be able to introduce one-stop customs clearance arrangement for transshipment cargoes involving inter-modal transfer. Instead of going through customs inspection twice at both LBCP and the airport under the existing procedure, air-land transshipment cargoes might only be subject to inspection at either one of the customs control points. She enquired whether the one-stop customs clearance arrangement

would apply to all air-land transshipment cargoes. PSCED(CIT) answered in the affirmative. In response to Ms LAU's further enquiry on the authority to decide on the location for one-stop customs clearance and the logistical arrangements for the clearance, DC of C&E advised that in normal circumstances, examination of transshipment cargoes would be conducted at the point of entry into Hong Kong. Hence, if the transshipment cargoes were to arrive by air and depart via the land boundary, the one-stop customs inspection would normally take place at the airport and no further customs inspection would be required at LBCPs. C&ED would formulate internal procedures to ensure that the clearance arrangements could be smoothly carried out at respective LBCPs, Airport and Kwai Chung Container Terminals.

21. Noting that the On-board Trucker Information System (OBTIS) for container trucks would soon be implemented, Ms Miriam LAU enquired if the system would be compatible with ROCARS to facilitate information sharing. The Principal Assistant Secretary for Commerce and Economic Development (Commerce and Industry) explained that under ROCARS, a shipper (or his agent) would need to provide cargo data in eight fields to C&ED electronically before the cargo entered or exit Hong Kong by truck. In return, he would receive a customs reference number for his consignment. The driver of a laden truck (or his agent) would need to report (i.e. to bundle) the customs reference number of the consignment concerned received from the shipper and his vehicle registration number to C&ED, at least 30 minutes before the truck arrived at a LBCP. The driver could make use of OBTIS to conduct bundling.

22. Mr WONG Ting-kwong said that Members of the Democratic Alliance for Betterment and Progress of Hong Kong supported the funding proposal as there was a need to implement ROCARS to keep abreast with global, national and regional developments in external merchandise trade. Given that ROCARS would be mandated for use in 2011, he enquired about the capacity and the service life span of the system. DC of C&E said that ROCARS would have a service life of five years and further upgrading might be required after then.

23. Ms LI Fung-ying said that she was more concerned about the contingency measures. As customs officers would not be required to station at customs kiosk with the implementation of ROCARS, a contingency plan would need to be in place so that customs officers would be deployed within a few minutes to man the customs kiosk at LBCPs to process the customs clearance for cross-boundary vehicles in a manual mode in the event of a total system failure. She questioned whether sufficient number of customs officers could be mobilised within a few minutes for customs clearance. DC of C&E said that the contingency plan would be activated in emergency cases, such as system failure or electricity outage. In such cases, customs officers of the cargo examination units at the LBCP concerned would be mobilized immediately to man the customs kiosks. As officers of the cargo examination units worked at the cargo examination compound of each LBCP, which was very close to the customs kiosks, a sufficient number of customs officers could be deployed to man customs kiosks within a few minutes to process cross-boundary vehicles in a manual mode. C&ED would ensure that the time required for customs clearance of road cargoes during system failure would not be worse off than the existing arrangement.

24. Ms Emily LAU enquired about the risk profiling of cargo consignment in advance for determining whether a truck needed to be inspected. PSCED(CIT) said that with the use of ROCARS, shippers would be able to submit cargo information in advance via a web-based platform or other electronic means and customs officers could conduct computer-assisted risk assessment on a pre-shipment basis. Customs officers would be notified about the customs reference numbers and vehicle registration number at least 30 minutes before the arrival of the truck at an LBCP. DC of C&E added that at present, the risk profiling was performed using a computer system called Land Boundary System which had limited functions on risk profiling and customs officers would need to determine on the spot whether physical inspection of the road cargoes was necessary. ROCARS would facilitate customs clearance as it would allow shippers to submit electronic cargo information in advance and in turn enable customs officers to conduct risk profiling before the concerned cargo consignment arrived at the LBCP. In this way, all cross-boundary trucks, except those selected for inspection, would enjoy seamless customs clearance at the land boundary. In conducting risk profiling, customs officers would need to consider a number of relevant factors including information gathered from intelligence, the latest smuggling trend, past records of shippers and truck drivers etc. in determining whether the truck should be inspected.

25. Ms Emily LAU enquired if there was sufficient manpower to conduct the risk assessment on the road cargoes. DC of C&E supplemented that there would be 74 customs officers working at the Cargo Selectivity Centre when ROCARS was fully implemented. Considering that ROCARS could provide computer-assisted risk assessment, the provision of 74 officers would be sufficient to support the work of risk assessment at the Cargo Selectivity Centre.

26. Noting that the Mainland had announced the vision that Asia-Pacific Economic Cooperation (APEC) should strive to achieve electronic customs clearance at the checkpoints of all APEC economies by 2010, Ms Emily LAU questioned why ROCARS would be mandated by 2011 and not 2010 in line with other APEC economies. PSCED(CIT) said that after obtaining funding approval from the Finance Committee, the Administration would proceed right away to invite tenders. Taking into account the lead time required for developing the necessary IT infrastructure, the Administration planned to roll out ROCARS in September 2009. After the system was rolled out, it would commence an 18-month transitional period before mandating the use of electronic services in early 2011. The transitional period aimed to provide a clear and achievable target upfront for all parties concerned to prepare themselves for migration to the electronic mode. C&ED would arrange seminars on the new workflow before system roll-out and hands-on training throughout the transitional period and encourage stakeholders concerned to try out e-ACI submissions early during the transitional period. It was expected that after the system had been rolled out for about nine months i.e. by mid-2010, about 70% of the submissions would be made by using ROCARS. The Mainland authorities were well aware of the timetable for implementing ROCARS in Hong Kong. It was worth noting that the call to achieve electronic customs clearance at the checkpoints of all APEC economies by 2010 was not binding on member countries.

27. Given that ROCARS would not incur much effort other than providing advance cargo information by electronic means, Ms Miriam LAU enquired about the reasons for the low take-up rate, which was expected to be only 70% by 2010. As ROCARS had not been tried out before, she enquired whether a review of the system could be conducted by the Administration, in consultation with the stakeholders, after ROCARS had been rolled out so that any problems which might occur during the transitional period could be resolved before mandating the use of the system in 2011, as in the case of the electronic infrastructure for customs clearance of the sea mode of transport where problems were resolved after a series of meetings between the Administration and stakeholders. PSCED(CIT) said that the 70% take-up rate of the ROCARS by mid-2010 was only an estimate based on the fact that high volume users (who accounted for about 70% of the estimated transactions) were frequent carriers while the rest might need more time to adjust to the new system. Meanwhile, training and assistance would be provided by C&ED in preparing all concerned parties for early migration to the electronic mode.

28. Ms Miriam LAU said that the truck drivers would welcome the reduction in notification time from two hours in advance (as originally proposed) to 30 minutes (as presently proposed) as they would not usually be given much advance notice of the cargoes to be transported across the boundary. PSCED(CIT) explained that under ROCARS, the responsibility of providing the eight fields of cargo data electronically to C&ED before the cargo entered or exit Hong Kong by truck rested with a shipper (or his agent). On his part, the truck driver would need to report to C&ED the customs reference number received from the shipper, together with his vehicle registration number, no less than 30 minutes before the truck arrived at a LBCP. Ms LAU however pointed out that in actual case, the responsibility of providing information on the cargo data to C&ED would ultimately rest with truck drivers rather than shippers because it would be the drivers who would present the cargoes for customs clearance.

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

30. The meeting was adjourned at 4:05 pm.

Legislative Council Secretariat

21 February 2008