

立法會
Legislative Council

LC Paper No. FC85/07-08
(These minutes have been seen
by the Administration)

Ref : CB1/F/1/2

Finance Committee of the Legislative Council

**Minutes of the 7th meeting
held at the Legislative Council Chamber
on Friday, 11 January 2008, 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
Dr Hon LUI Ming-wah, SBS, JP
Hon Margaret NG
Hon Mrs Selina CHOW LIANG Shuk-yee, GBS, JP
Hon CHEUNG Man-kwong
Hon CHAN Yuen-han, SBS, JP
Hon CHAN Kam-lam, SBS, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP
Hon LEUNG Yiu-chung
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 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 LI Fung-ying, BBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon Albert CHAN Wai-yip
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 Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Dr Hon KWOK Ka-ki
Dr Hon Fernando CHEUNG Chiu-hung
Hon WONG Ting-kwong, BBS
Prof Hon Patrick LAU Sau-shing, SBS, JP
Hon Albert Jinghan CHENG, JP
Hon KWONG Chi-kin
Hon TAM Heung-man
Hon Mrs Anson CHAN, GBM, JP

Members absent:

Hon James TO Kun-sun
Hon Bernard CHAN, GBS, JP
Hon SIN Chung-kai, SBS, JP
Hon LAU Chin-shek, JP
Hon Timothy FOK Tsun-ting, GBS, JP
Hon Abraham SHEK Lai-him, SBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon Andrew LEUNG Kwan-yuen, SBS, JP
Hon CHEUNG Hok-ming, SBS, JP
Hon Ronny TONG Ka-wah, SC
Hon CHIM Pui-chung

Public officers attending:

Professor Hon 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)
Mr Paul TANG Kwok-wai, JP Ms Carol YIP Man-kuen, JP	Permanent Secretary for Labour and Welfare Deputy Secretary for Labour and Welfare (Welfare) ²
Miss Helen TANG	Principal Assistant Secretary for Labour and Welfare (Poverty)
Mr Esmond LEE Chung-sin, JP	Deputy Secretary for Transport and Housing (Transport)
Mr Francis CHENG Kong-chung	Principal Assistant Secretary (Transport) Transport and Housing Bureau
Mr Norman LO Shung-man, AE, JP Mr Anthony TAM Lai-hon, JP	Director General of Civil Aviation Assistant Director General of Civil Aviation (Project)
Mr YUE Chi-hang, JP Mr Charles CHOW Chi-ping	Director of Architectural Services Project Director 2 Architectural Services Department
Miss Amy WONG Pui-man	Principal Assistant Secretary (Higher Education) Education Bureau
Mrs Dorothy MA CHOW Pui-fun	Deputy Secretary-General (1) University Grants Committee
Mr CHAN Wing-tak	Chief Technical Adviser (Subvented Projects) Architectural Services Department
Prof WONG Yuk-shan, BBS, JP	Vice President for Administration and Business The Hong Kong University of Science and Technology
Mr Andrew NOWAK-SOLINSKI	Development Manager The Hong Kong University of Science and Technology
Miss Yvonne CHOI, JP	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Mr Mike ROWSE, JP	Director-General of Investment Promotion Invest Hong Kong
Miss Charmaine WONG Hoi-wan	Associate Director-General of Investment Promotion (3) Invest Hong Kong
Mr NGAI Wing-chit	Deputy Director-General of Trade and Industry (Commercial Relations, Controls and Support)
Mr Hubert LAW	Principal Assistant Secretary for Commerce and Economic Development (Commerce and Industry) ⁵

Mr Michael WONG, JP
Mr Michael STONE, JP

Deputy Secretary for Education
Secretary-General, University Grants
Committee

Mr Edward YAU, JP
Ms Anissa WONG, JP

Secretary for the Environment
Permanent Secretary for the Environment /
Director of Environmental Protection

Mr Carlson CHAN

Deputy Director of Environmental
Protection (3)

Miss Mary TSANG

Assistant Director (Cross Boundary and
International)

Mr David WONG

Environmental Protection Department
Principal Environmental Protection Officer
(Cross Boundary and International)

Dr Mike CHIU, JP

Environmental Protection Department
Deputy Director of Environmental
Protection (1)

Ms Betty CHEUNG

Principal Environmental Protection Officer
(Community Relations)
Environmental Protection Department

Clerk in attendance:

Ms Pauline NG

Assistant Secretary General 1

Staff in attendance:

Miss Becky YU
Mrs Mary TANG
Ms Alice CHEUNG
Mr Frankie WOO

Chief Council Secretary (1)1
Senior Council Secretary (1)2
Senior Legislative Assistant (1)1
Legislative Assistant (1)2

Action

Item No. 1 - FCR(2007-08)41

**RECOMMENDATIONS OF THE ESTABLISHMENT SUBCOMMITTEE MADE ON
12 DECEMBER 2007**

As there was request for separate voting on EC(2007-08)14, the Chairman put FCR(2007-08)41 except EC(2007-08)14 to the vote. The Committee approved the proposal.

EC(2007-08)14 Proposed creation of one supernumerary post of Administrative Officer Staff Grade C (D2) in the Labour and Welfare Bureau of Government Secretariat for a period of three years with effect from 10 March 2008 to support the work on poverty alleviation

2. Dr Fernando CHEUNG noted that with the dissolution of the Commission of Poverty (CoP), the Chief Executive had announced the establishment of an inter-bureau/departmental Task Force on Poverty (the Task Force) to coordinate and monitor the Government's effort in poverty alleviation, including taking forward the recommendations of CoP. Given the complexity and multi-faceted nature of poverty alleviation, he queried whether an Administrative Officer Staff Grade C (D2) (AOSGC) would be able to coordinate efforts across the Government, particularly when the incumbent was tasked to oversee the establishment and implementation of the Child Development Fund (CDF) and oversee the study on how best to put in place a "one-stop" employment service to assist the unemployed. He further criticized the Government for being too slow in its efforts to reduce inter-generational poverty as evidenced by the progress of implementation of CDF. He also stressed the need for introduction of objective indicators to assess the effectiveness of the poverty alleviation measures. The Permanent Secretary for Labour and Welfare (PSLW) said that the Task Force was headed by the Secretary for Labour and Welfare with senior officials from relevant bureaux/departments. The proposed AOSGC post would serve as the secretary to the Task Force and be responsible for preparing policy papers, liaising with relevant bureaux/departments, preparing reports on the work of the Task Force and so on. As regards the progress of implementation of CDF, PSLW said that as CDF was a new initiative, details of its pioneer projects would need to be carefully worked out taking into the account the views of stakeholders. In the light of experience of the first batch of pioneer projects, which would involve at least 700 children, subsequent batches could be rolled out in future. A report on the progress of CoP's 53 recommendations would be made available to the Panel on Welfare Services.

3. Dr Fernando CHEUNG opined that poverty alleviation measures should not be confined to the Labour and Welfare Bureau (LWB), but should be taken forward by the Government as a whole. He hoped that the proposed AOSGC post would assist in working out quantifiable indicators in assessing the effectiveness of poverty alleviation measures. Expressing similar concerns, Mr LEE Cheuk-yan, questioned the adequacy of creating only one AOSGC post to support the work on poverty alleviation given its complexity and extensive scope, ranging from the development of social enterprises to the formulation of policies to support the needed families and the implementation of CoP's 53 recommendations. He also enquired about the progress of the Pilot Transport Support Scheme and the scope of "one-stop" employment service.

4. PSLW explained that while relevant bureaux/departments were responsible for the implementation of the CoP recommendations and other poverty alleviation initiatives under their purview, LWB would be responsible for overseeing and

co-ordinating the Administration's poverty alleviation work. LWB also would keep the manpower resources in view and revert to Members early should additional resources be required to take forward the work on poverty alleviation. He added that a review of the pilot Transport Support Scheme undertaken by the Labour Department was expected to be completed by early 2008, and while the scope of the future "one-stop" employment service was under study, the Employees Retraining Board would launch a pilot "one-stop" centre to facilitate retraining and employment in late 2008.

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

Item No. 2 - FCR(2007-08)42

RECOMMENDATIONS OF THE PUBLIC WORKS SUBCOMMITTEE MADE ON 21 DECEMBER 2007

6. On PWSC(2007-08)69 "Decking of Jordan Road nullah in Kwun Tong, Rambler Crest nullah in Tsing Yi, Flower Market Road nullah in Mong Kok and Tonkin Street in Sham Shui Po", Ms Emily LAU commended the Administration's efforts in the greening of the Jordan Road nullah and the Flower Market Road nullah.

7. On PWSC(2007-08)64 "Tuen Mun - Chek Lap Kok Link and Tuen Mun Western Bypass - investigation and preliminary design", Mr WONG Kwok-hing urged for the early commissioning of the long-awaited Chek Lap Kok Link and Tuen Mun Western Bypass. As regards PWSC(2007-08)65 "Extension of footbridge network in Tsuen Wan - Footbridge A along Tai Ho Road", Mr WONG opined that more greening measures should be adopted for the footbridge network.

8. The Chairman requested the Administration to take note of members' views. As there was request for separate voting on PWSC(2007-08)63 and 66, the Chairman put FCR(2007-08)42 except PWSC(2007-08)63 and 66 to the vote. The Committee approved the proposal.

PWSC(2007-08)63 75KA New Civil Aviation Department headquarters

9. Ms Emily LAU thanked the Administration for providing a very comprehensive supplementary information paper explaining the proposal. Noting that the auditorium and conference facilities in the new Civil Aviation Department (CAD) headquarters would be made available for use by other departments, she enquired if a mechanism could be worked out to maximize the utilization of these facilities. The Deputy Secretary for Transport and Housing (Transport) confirmed that other bureaux/departments and/or organizations within the Airport Island could make use of the auditorium and conference facilities at the new CAD headquarters when these were not in use by CAD. As the new CAD headquarters would be commissioned in 2012, there would be ample time to work out the necessary

arrangements, which would include a schedule of fees and charges for these facilities to be used by other organizations. Ms LAU suggested that a central booking system with fees and charges listed should be worked out for all other Government auditoria and conference facilities to maximize their utilization. A report on such initiative should be made available for members' reference.

10. Mr WONG Kwok-hing supported the proposal. In response to Mr WONG's enquires, the Director General of Civil Aviation (DG of CA) confirmed that with the commissioning of the new CAD headquarters, all functional divisions of CAD, including those offices presently scattered at different locations such as the Airport Freight Forwarding Centre, the Passenger Terminal Building and the existing headquarters at the Queensway Government Offices would be housed together at the new CAD headquarters. As regards the relationship between the assessment of the new Air Traffic Control (ATC) system to be conducted in 2020 and the design capacity of the ATC system, DG of CA advised that the assessment was meant to ascertain if the new ATC system would be able to sustain future growth in air traffic in terms of system efficiency, expandability and degree of advancement and to decide on the need for upgrade and/or replacement. For this purpose, additional space had been earmarked in the new building to cater for the future expansion and additional funding for another new building would not be required.

11. Mr Howard YOUNG supported the proposal which would allow for the centralization of the functional divisions of CAD at the new CAD headquarters, resulting in improved operational efficiency. However, he noted from enclosure 1 to the supplementary information paper that there had been a substantial increase in the net operational floor area (NOFA) for accommodating supporting equipment, systems and facilities of the ATC Centre (from 2 162 square metres at the existing premises to about 7 207 square metres at the new CAD headquarters). Given that only 39 additional air traffic controller posts were created for the operation of the new ATC system upon its commissioning, he sought explanation on the need for the substantial increase in NOFA. DG of CA explained that as the number of air traffic control positions would eventually increase from the existing 22 to 56 in the new ATC Centre, there would be a consequential increase in NOFA to accommodate the additional radar display monitors and communication equipment etc. Apart from 17 supporting systems, there would be about 20 to 30 sub-systems to support the operations of the new ATC Centre. A risk assessment on the existing accommodation for the ATC systems and supporting equipment made by the Fire Services Department and the Electrical and Mechanical Services Department (EMSD) about two to three years ago had revealed that it was seriously under-provided in terms of space. Such congestion might result in serious consequences in case of fire and hence further expansion was needed.

12. Prof Patrick LAU asked if the proposed NOFA had included accommodation for the existing ATC system and facilities which would be kept as a backup system. DG of CA confirmed that the space requirements for a new backup ATC Centre, which would be converted from the existing ATC Centre, had been included in the proposed NOFA. The existing ATC system would also be upgraded

for use as a back up system capable of handling about one third of the normal traffic capacity.

13. Dr LUI Ming-wah enquired whether the design capacity of the Hong Kong International Airport had been reached and if not, the spare capacity that was available. He also enquired about the possible expansion capacity that would be available in the next 10 years and whether consideration would be given to constructing the third runway. DG of CA advised that the design capacity of the Hong Kong International Airport which was estimated at 9 million tonnes of cargo and 87 million passengers, had not been reached since the amount of cargoes and passengers handled in 2007 was 3.74 million tonnes and 47 million respectively. At present, there was an average of about 54 to 55 flights per hour and with sufficient manpower resources the Airport could be able to handle about 67 to 68 flights per hour. While it was difficult to estimate the growth in air traffic in the next 10 years, the Airport Authority Hong Kong (AAHK) had forecast that by 2025, the number of flights would be expected to reach 490 000 per annum. Meanwhile, AAHK would decide on whether to conduct a more in-depth study on the need for a third runway within the next few months.

14. Dr LUI Ming-wah then questioned the need for further expansion of the ATC system if the design capacity of the Airport had not been reached. DG of CA explained that apart from the number of runways, the capacity of the airport was also influenced by airspace constraints, ATC manpower and system resources etc. Additional manpower, space and equipment were required to cope with the increase in the number of flights to be handled per hour as a result of growth in air traffic. With sufficient resources made available upon the commissioning of the new ATC Centre, about 67 to 68 flights could be handled per hour.

15. Mr LEE Cheuk-yan enquired about the extent to which the ATC communication system was interfered by the FM 102.8 Mhz radio. DG of CA explained that ATC communication frequencies had been subject to interferences from various sources in the past years, including those from paging stations and mobile phone operators as well as taxi call centres. Notwithstanding, the interference had been reduced in recent years.

16. While welcoming the environment-friendly and energy conservation measures to be implemented in the new CAD headquarters, Ms Emily LAU enquired how these measures would compare with that in the new Tamar Complex. The Director of Architectural Services (D Arch S) said that the Architectural Services Department would incorporate environment-friendly and energy conservation measures in the designs of new government buildings, including the new CAD headquarters and the Government headquarters at the Tamar Complex, the latter of which was the first building complex to adopt carbon audit. In general, these environment-friendly and energy conservation measures would include energy efficient lighting systems, renewable energy technologies, fresh water evaporative cooling air-conditioning systems and recycling of rain water for flushing and irrigation purpose.

17. Hoping that higher standards of energy efficiency and conservation could be adopted in new buildings, Ms Emily LAU asked why carbon audit was not applicable to the new CAD headquarters. D Arch S said that the carbon audit for the Tamar Complex was new to the Administration and its wider application to other projects had yet to be assessed. He added that while carbon audit was not included in the design specifications for the new CAD headquarters, consideration could be given to including this in future.

18. Prof Patrick LAU asked how the \$30 million worth of energy efficient and renewable energy features could achieve 15% energy savings in energy consumption. He also enquired whether sufficient space would be allowed for the installation of photovoltaic panels for the development of solar energy. D Arch S said that since the project would be a Design-and-Build project, the energy efficient and renewable energy features would be incorporated as part of the contract requirements for the designer to adopt an environment-friendly building design. The additional cost of the energy efficient and renewable energy features would be about 2% of the project cost. Based on the lighting efficiency standard stipulated by EMSD in 2007, the energy efficient lighting installations for the project would be able to achieve energy savings of about 10%. As regards the development of solar energy through the installation of photovoltaic panels, D Arch S said that while the conversion of solar power to electricity for operation of some building services installation would result in energy savings, there was space requirement for such installation. Besides, the efficacy and cost-effectiveness of such installation would need to be assessed. If photovoltaic panels were considered feasible, these would likely be installed at the rooftop. Dr LUI Ming-wah however pointed out that the photovoltaic panels could be installed at the outer walls of buildings.

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

PWSC(2007-08)66 11EL Extension to the existing Academic Building, The Hong Kong University of Science and Technology

20. Ms Emily LAU thanked the Administration for providing the supplementary information on the environment-friendly and energy conservation measures to be implemented in the proposed extension to the existing Academic Building of the Hong Kong University of Science and Technology (HKUST). She said that these features should be incorporated in the design of new buildings and campuses. Noting that the environment-friendly and energy conservation measures would incur an additional cost of around \$2 million and achieve about 16% energy savings in the energy consumption, she enquired about the actual annual savings in monetary terms.

21. The Vice President for Administration and Business, HKUST (VP, HKUST) said that energy savings resulting from the proposed environment-friendly and energy conservation measures would be about \$630,000 per year. Given that the cost for

installing these measures would be about \$2.15 million, it would take around three to four years to recover the installation cost. As regards the wider application of these measures to other campuses within HKUST, VP, HKUST affirmed that these measures would be implemented when there were major retrofitting works within the campuses. For lighting installation, T5 high efficacy fluorescent tubes with electronic ballast and lighting control would be installed. Automatic on/off switching of lighting and ventilation fan would be provided in all lifts. Indirect sea water cooling system with heat recovery function and variable speed drive would be adopted for the air-conditioning installation. While the respective installation costs of the lighting and cooling systems were \$40,000 and \$2 million, the annual energy savings amounted to \$20,000 and \$600,000 respectively. Ms Emily LAU hoped that these environment-friendly and energy conservation measures would be applied to all new Government buildings and university campuses, including those under major renovation.

22. Miss CHOY So-yuk said that Members had repeatedly urged the Administration to install environment-friendly and energy conservation measures in all its projects. She held the view that the investment on these measures was very worthwhile as it would achieve significant energy savings. She hoped that an overall review would be conducted on the use of energy conservation measures in buildings in Hong Kong, with Government buildings taking the lead. Given its sound fiscal conditions, the Government should consider investing on energy conservation measures which would benefit Hong Kong in the long run.

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

Item No. 3 - FCR(2007-08)43

HEAD 79 – INVEST HONG KONG

◆ Subhead 700 General non-recurrent

Item 009 Boosting Investment Promotion Work

24. The Chairman informed members that the Panel on Commerce and Industry (CI Panel) was consulted on the proposal at its meeting on 18 December 2007.

25. Mr Vincent FANG, Chairman of CI Panel, said that the Panel generally supported the proposal which would allow for continued funding of investment promotion (IP) work undertaken by the Invest Hong Kong (InvestHK). However, there were views that apart from InvestHK, other Government departments/public bodies, such as the Hong Kong Economic and Trade Offices, should also help promote Hong Kong to Mainland and overseas countries. Consideration should be given to amalgamating these organizations with InvestHK with a view to improving the cost effectiveness of IP work. In this connection, the Administration had commissioned a comprehensive review of Hong Kong's IP policy for completion in the second quarter of 2008. The Panel would then be briefed on the key findings of the study to facilitate discussion on the future development of InvestHK.

26. While appreciating the work of InvestHK, Ms Emily LAU enquired about the IP projects undertaken by InvestHK and how these would help attract overseas investments in Hong Kong. The Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (PSCIT) said that in 2007, InvestHK had completed 253 projects in different parts of the world, including 47 in the Mainland, 19 in Japan, 8 in Korea, 11 in India, 9 in Singapore, 15 in Australia and New Zealand, 78 in Europe, 3 in the Middle East and 55 in North America. A breakdown of these projects could be made available for members' reference if so requested.

27. Ms Emily LAU enquired about the Administration's further plans to promote investments in Hong Kong. PSCIT said that in addition to regular reviews of IP work, efforts would also be made to broaden the external representation of InvestHK to markets not already included, such as Russia, India and the Middle East. The Director-General of Investment Promotion, InvestHK said that with the benefit of the extra funding of \$200 million allocated in 2003, to be spread over a period of five years, InvestHK had increased representation in a number of markets which had not been previously addressed, including Istanbul, Tel Aviv, Dubai etc. Extra resources were also engaged in markets which were already covered, for example, a consultant was engaged in Chicago to represent InvestHK to cover markets in the centre of North America. Similarly, an office was set up in Sydney while a consultant was engaged in Melbourne to cover Victoria and southern parts of Australia. The extra funding being sought was meant to sustain the momentum of IP work and maintain the current level of representation, including that of the expanded markets.

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

Item No. 4 - FCR(2007-08)44

HEAD 181 – TRADE AND INDUSTRY DEPARTMENT

♦ Subhead 700 General non-recurrent

Item 520 SME Loan Guarantee Scheme

Item 524 SME Training, Export Marketing and Development Funds

29. The Chairman informed members that CI Panel was consulted on the proposal at its meeting on 18 December 2007.

30. Mr Vincent FANG, Chairman of CI Panel, said that the Panel supported the proposed funding which would assist small and medium enterprises (SMEs) in meeting the challenges arising from the Mainland's 11th Five Year Plan and in promoting their businesses. Based on the current utilization rate, the approved commitments for the SME Loan Guarantee Scheme and the two other SME funding Schemes (namely, the SME Export Marketing Fund and the SME Development Fund) would be exhausted by early 2009. The proposed injection of an additional expenditure provision of \$500 million would enable the continued operation of the schemes.

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

Item No. 5 - FCR(2007-08)45

HEAD 190 – UNIVERSITY GRANTS COMMITTEE

♦ **Subhead 000 Operational expenses**

32. The Chairman informed members that the Panel on Education was consulted on the proposal at its meeting on 10 December 2007.

33. Mr Jasper TSANG, Chairman of Panel on Education, said that the Panel supported the proposal. As the Hong Kong Institute of Education (HKIED) had suffered a substantial reduction in recurrent funding for the 2005-2008 triennium, there was concern whether the funding allocation for 2008-2009 roll-over year was acceptable to the HKIED. The Clerk to the Panel had written to HKIED to seek its confirmation on acceptance of the funding proposal. In its reply to the Panel, HKIED had confirmed acceptance of the funding allocation. The Panel had also requested a breakdown on the recurrent funding for 2008-2009 as well as information on the funding for research studies. The requisite information had been set out in the Administration's paper.

34. Ms Emily LAU indicated support for the funding proposal. Noting that some of the university staff had expressed concern about the significant changes to the University Grants Committee (UGC)-funded institutions following the implementation of the new four-year undergraduate programmes under the new "3+3+4" academic structure from 2012 onwards, she enquired if efforts had been taken to address their concerns. The Deputy Secretary for Education said that the Administration recognized that the new "3+3+4" academic structure would bring about significant challenges to UGC-funded institutions. The Administration had held numerous exchanges with the institutions on the development of the new academic structure and made positive progress. At members' request, the Administration agreed to regularly report the progress of development of the new academic structure to the Panel on Education.

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

Item No. 6 - FCR(2007-08)46

HEAD 190 – UNIVERSITY GRANTS COMMITTEE

♦ **Subhead 700 General non-recurrent**

New item “One-off Special Equipment Grant for UGC-funded Institutions”

36. The Chairman informed members that the Panel on Education was consulted on the proposal at its meeting on 10 December 2007.

37. Mr Jasper TSANG, Chairman of Panel on Education, said that the Panel welcomed the proposed One-off Special Equipment Grant (SEG) for UGC-funded Institutions, but requested for arrangements to be put in place to facilitate smaller and younger institutions to get a reasonable share of SEG. In its information paper to the Finance Committee, the Administration stated that while all applications would be assessed based on academic merits under the same assessment procedure and criteria, the Research Grants Council would, when considering the final allocation of grant, give special/sympathetic consideration to an application if it came from institutions which would otherwise receive no funding from the Grant, provided that the academic research merits of the proposals were equal.

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

Item No. 7 - FCR(2007-08)47

HEAD 44 – ENVIRONMENTAL PROTECTION DEPARTMENT

◆ Subhead 700 General non-recurrent

New Item “Programme for promoting cleaner production in the Pearl River Delta Region”

39. The Chairman informed members that the Panel on Environmental Affairs (EA Panel) was consulted on the proposal at its meeting on 17 December 2007.

40. Ms Audrey EU, Chairman of EA Panel, said that the Panel generally supported the proposed five-year Cleaner Production Partnership Programme in the Pearl River Delta (PRD) Region (the Programme). However, there was concern about the effectiveness of the Programme given that only about 1 000 out of the over 56 000 Hong Kong-owned factories operating in the PRD Region could benefit from the Programme. In its reply to the Panel (LC Paper No. CB(1) 511/07-08(01)), the Administration had provided information on the Hong Kong-owned factories operating in the PRD Region which had applied for loan support under the SME funding schemes for installation of cleaner production (CP) facilities and equipment and a detailed cost breakdown for implementing the Programme.

41. While supporting in principle for the funding of the Programme, Mr WONG Kwok-hing enquired about the means to ensure that the resources were well spent. He was particularly concerned about the impartiality of the Project Management Committee (PMC) to be set up to oversee the implementation of the Programme. Apart from representatives from the Trade and Industry Department, the Hong Kong Productivity Council (HKPC), PMC would also comprise representatives from the four major trade and industry associations, namely the Hong Kong General Chamber of Commerce, the Federation of Hong Kong Industries, the Chinese Manufacturers Association of Hong Kong and the Chinese Chamber of Commerce, which would all benefit from the Programme. He considered that there might be a need to nominate an independent third party to monitor the funding of the

Programme to ensure impartiality, prevent conflict of interest and avoid over-spending as in the case of the Hong Kong Tourism Board.

42. Expressing similar concerns, Miss CHOY So-yuk noted that in the past, there were complaints against conflict of interest and infringement of copyright on the part of HKPC. She hoped that the situation had been improved over the years. Notwithstanding, there should be more effective monitoring mechanism to ensure successful implementation of the projects. Regular reports on the progress of the Programme should be made to the EA Panel.

43. The Permanent Secretary for the Environment (PS/Env) said that the key initiatives of the Programme would consist of awareness promotion, on-site improvement assessment, demonstration projects and verification of effectiveness of improvement measures. The cost of the demonstration projects would be shared between participating factories and the Government on a fifty-fifty basis. While the average contribution of Government funding was estimated to be around \$160,000 per project, the funding ceiling for individual projects would be reviewed based on the merit of the technology. The purpose of engaging representatives of the major trade and industry associations in PMC was meant to solicit views from the trades. She said that while PMC would be led by the Environmental Protection Department (EPD), other departments including the Trade and Industry Department, as well as other related organizations and/or experts would be invited to join as co-opt members on a need basis. To ensure the best use of public money, credible monitoring and control mechanisms would be put in place, . HKPC would be invited to draw up an annual implementation plan, and would be required to submit regular progress reports to PMC at least on an annual basis. The PMC would also conduct overall evaluation of the effectiveness of the Programme. PS/Env added that the Administration would report annually to the EA Panel regarding the implementation progress of the Programme.

44. Ms Emily LAU questioned the effectiveness of the Programme since only 1 000 out of the 56 000 Hong Kong-owned factories operating in the PRD Region could benefit from the Programme. Besides, some industrial operations were moving away from the PRD Region to places where the environmental requirements were less stringent and the operating costs were much lower. She asked if the Administration had information on the number of factories that had moved away from the PRD Region. The Secretary for the Environment (SEN) said that he did not have the information at hand, but he was aware that many factory operators in the PRD Region would prefer to take up CP practices to improve their environmental performance rather than moving to other places. Furthermore, the environmental requirements in other parts of the Mainland might well be the same. The factories should strive to meet the enhanced standards by adopting CP practices. He added that the Programme was an important step in improving regional air quality. It aimed at promoting awareness on the need for cleaner production practices and providing industries with the professional advice and technical know-how. Under the Programme, participating factories would be required to share the outcomes of demonstration projects and the experience gained with other factories. EPD would

actively support the Programme by closely liaising with the relevant Guangdong authorities, including the Guangdong Provincial Economic and Trade Commission, to secure their collaboration in providing the necessary support.

45. While supporting the Programme, Mr WONG Ting-kwong said that there were concerns from the trades that the funding for the Programme would be spent mostly on consultancies rather than actual improvement work. He enquired about the resources to be spent on consultancies and CP technologies respectively. PS/Env said that the estimated cost breakdown for the Programme had been set out in enclosure 2 to the Administration's paper. While the total estimated cost of the Programme was \$134.46 million, the total Government funding required for the Programme would be \$93.06 million and of these, 87% would be used to fund the actual implementation cost, including the hiring of consultants and environmental experts to assist the factories in adopting CP practices. As the implementation agent, HKPC would contribute \$11.4 million in terms of professional manpower support, office rentals and other ancillary, technical and support services. Participating factories would contribute around \$30 million through cost sharing arrangements for on-site improvement assessment and technology demonstration projects.

46. Ir Dr Raymond HO expressed support for the Programme as it would provide a good start for Hong Kong-owned factories in the PRD Region to adopt CP practices. He also supported the expansion of the Programme to allow more experts in the field of CP technologies to participate in the Programme. Consideration should be given to the direct engagement of these experts. PS/Env confirmed that apart from the assistance provided by HKPC, environmental experts would also be engaged to assist the factories in adopting CP technologies.

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

Item No. 8 - FCR(2007-08)48

HEAD 44 – ENVIRONMENTAL PROTECTION DEPARTMENT

◆ Subhead 700 General non-recurrent

New Item “Capital Injection into the Environment and Conservation Fund”

48. The Chairman informed members that the EA Panel was consulted on the proposal at its meeting on 26 November 2007.

49. Ms Audrey EU, Chairman of EA Panel, said that the Panel considered it necessary for the Administration to justify the proposed capital injection of \$1 billion into the Environment and Conservation Fund (ECF) which had already had been allocated a total commitment of \$228 million in the past. To assess the effectiveness of projects funded by ECF, project proponents should be required to set specific targets and to quantify the environmental gains from the funded projects. There were also requests for the opening of ECF Committee meetings to facilitate monitoring by

the public and for the appointment of Legislative Council (LegCo) Members nominated by political parties to the ECF Committee so that they could report to LegCo on the management of ECF. In this connection, the Administration had provided a supplementary information paper setting out an evaluation on the effectiveness of projects and a breakdown of the budgets of the projects (LC Paper No. CB(1) 431/07-08(01)).

50. Ms Emily LAU was disappointed that the Administration had not responded to her request made at the Panel meeting on 26 November 2007 regarding the opening of ECF Committee meetings. It had also declined her request for the nomination of ECF Committee members by political parties. Noting that the ECF Committee and its sub-committees comprised members from pro-government camps but not others, she enquired about the criteria for appointment. She held the view that different political parties should be given equal opportunity to participate in the ECF Committee. Dr KWOK Ka-ki echoed that the nomination of membership of ECF Committee should be open and fair.

51. PS/Env said that as ECF Committee meetings often involved discussion of the merits of applications and assessment of the funded projects, it might not be appropriate to open the meetings to the public. Besides, the ECF Committee was obliged to submit annual reports on its operation and accounts to LegCo. Notwithstanding, Ms LAU's suggestion of opening the ECF meetings would be conveyed to the ECF Committee for consideration. As regards nomination for membership of ECF Committee, SEN said that the nomination for the new term of ECF Committee would take place by the end of 2008 when the current term expired. While welcoming views on the nomination for membership of the ECF Committee, SEN said that it would not be appropriate to nominate members based on their political parties. The membership of ECF Committee should be broadly representative of the public and should come from different sectors of the community.

52. Mr WONG Kwok-hing enquired if the proposed injection of \$1 billion would be able to generate employment opportunities for the local workforce. SEN said that with the proposed funding, it was expected that additional job opportunities would be created, particularly in the development of social enterprises (for example, greening projects undertaken by social enterprises).

53. Dr KWOK Ka-ki enquired about the funding allocation of ECF and the measures to be taken to encourage new participants to initiate projects using ECF. With the increase in reliance on disposable clinical materials/equipments to reduce the spread of contagious diseases, consideration should be given to using ECF funding to conduct studies on the means to reduce clinical wastes. PS/Env said that with the proposed injection of \$1 billion, ECF could be enhanced to fund a variety of environmental projects, including nature conservation, renewable energy, energy efficiency, technology transfer to practitioners, and regional/international conferences etc. Universities, research institutions and the industrial sector etc were encouraged to apply for funding under ECF to conduct studies and/or undertake projects that would improve the environment. Researchers conducting studies on ways to reduce

disposable clinical waste without increasing the risk to infection were welcome to apply for funding from ECF. In reply to Ms Emily LAU's question on the need for specific targets to be set for the funded projects to facilitate the quantification of environmental gains, the Deputy Director of Environmental Protection (1) confirmed that targets would be set as appropriate depending on the nature of the projects.

54. Miss CHOY So-yuk declared interest as a member of the ECF Committee. While supporting that ECF Committee should review the programme areas from time to time in the light of latest environmental concerns and having regard to Government's policy initiatives, she opined that the ECF Committee should also be allowed to contribute to the formulation of policies. She supported that the reviews by ECF Committee on the programme areas should be made regularly, say at six monthly intervals. PS/Env acknowledged Miss CHOY's views.

55. Ms Emily LAU enquired about the progress of the "No Plastic Bag Day" implemented by supermarkets and chain stores. SEN said that to discourage the indiscriminate use of plastic shopping bags, the Administration had introduced the Producer Eco-responsibility Bill which was under scrutiny by LegCo. The Bill aimed at providing a legal framework for implementing producer responsibility scheme (PRS) in Hong Kong, with the environmental levy on plastic shopping bags as the first PRS under the Bill. As a start, the levy scheme would be applied to major supermarkets and chain stores. More education and publicity efforts would be made to reduce and recycle waste in Hong Kong.

56. Mr WONG Kwok-hing said that he had participated in some of the projects funded by ECF and in return he received some souvenirs, such as non-degradable plastic bags, which were in fact not environment-friendly and would generate additional waste. He held the view that such practices should not be encouraged. Consideration should be given to assessing the souvenirs and prizes to be given out to see if they were made of environment-friendly materials. SEN said that he had also received souvenirs for participating in community activities which he considered not necessary. With increased environmental awareness, it was believed that such practices would gradually be dispensed with.

57. As the meeting was scheduled to end at 5:00 pm, members agreed to continue discussion on the item at the next meeting scheduled for the same day at 5:05 pm

58. The meeting was adjourned at 5:00 pm.