

立法會
Legislative Council

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Finance Committee of the Legislative Council

**Minutes of the 9th meeting
held at the Legislative Council Chamber
on Friday, 1 February 2008, at 2:30 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
Dr Hon LUI Ming-wah, SBS, JP
Hon Margaret NG
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon James TO Kun-sun
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
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-ye, 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 KWONG Chi-kin
Hon TAM Heung-man
Hon Mrs Anson CHAN, GBM, JP

Members absent:

Hon Albert HO Chun-yan
Hon Fred LI Wah-ming, JP
Hon CHEUNG Man-kwong
Dr Hon Philip WONG Yu-hong, GBS
Hon LAU Chin-shek, JP
Hon LEE Wing-tat
Hon Albert Jinghan CHENG, 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)
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 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
Mr Kenneth WONG Pak-keung	Director of Estates The University of Hong Kong
Mr TAM King-leung	Senior Assistant Director (Estates Office) The University of Hong Kong
Professor JIM Chi-yung	Chairman of Project Group of Human Research Institute, Phase 1, The University of Hong Kong
Professor Anthony YEH Gar-on	Chairman of Working Party on Student Residences at Lung Wah Street, The University of Hong Kong
Dr Albert CHAU Wai-lap	Dean of Student Affairs, The University of Hong Kong
Miss Janet WONG Wing-chen, JP	Deputy Secretary for Development (Works) ¹
Mr Edwin TONG Ka-hung	Chief Assistant Secretary (Works) ³ Development Bureau

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

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Item No. 1 - FCR(2007-08)50

RECOMMENDATION OF THE ESTABLISHMENT SUBCOMMITTEE MADE ON 16 JANUARY 2008

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

Item No. 2 - FCR(2007-08)51

RECOMMENDATIONS OF THE PUBLIC WORKS SUBCOMMITTEE MADE ON 9 JANUARY 2008

2. The Chairman put FCR(2007-08)51 except PWSC(2007-08)70 and PWSC(2007-08)71 to the vote. The Committee approved the proposal.

PWSC(2007-08)70 52EG Human Research Institute - phase 1, The University of Hong Kong

3. Noting from the supplementary information paper provided by the Administration that the adoption of the energy efficient and renewable energy features at the Human Research Institute, phase 1, The University of Hong Kong (HKU) would cost around \$4.9 million and contribute to about 10% energy savings in annual energy consumption, Ms Emily LAU enquired about the basis upon which the savings was arrived at. The Senior Assistant Director (Estates Office), HKU (SAD(EO),HKU) said that HKU attached great importance to energy conservation, and endeavoured to incorporate environment friendly measures in its building construction and renovation projects as far as possible. A special team was assigned to monitor the energy efficiency performance of the campus. The proposed percentage of energy savings was worked out by the consultants.

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

PWSC(2007-08)71 53EG 1 800-place student residences at Lung Wah Street, Kennedy Town, The University of Hong Kong

5. Miss CHOY So-yuk and Mr James TO declared that they were elected by the Legislative Council to serve as directors of HKU. Dr YEUNG Sum declared interest as a teaching staff member of HKU.

Communication with local residents

6. Dr YEUNG Sum said that Members belonging to the Democratic Party were supportive of the proposal, in view of the serious shortfall of student hostel places, particularly with the implementation of the new academic structure for senior secondary education and higher education under the "3+3+4" arrangement and admission of more non-local students. He held the view that every student should be given a chance to stay in hostels because hostel life provided opportunities for grooming of leadership qualities and communication skills. He noted that HKU had adopted measures and necessary adjustments, such as the provision of architectural fins to the building facades to serve as noise barriers, to address the neighbouring residents' concern about the noise problem arising from the new hostels. He hoped that HKU could organize more activities for the neighbouring residents to see for themselves what hostel life meant to the students. Mr Martin LEE agreed that hostel

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life was an important part of college life. He failed to see the residents' concern about having a student hostel in their neighbourhood, since their younger generation would also aspire to become college students and stay in one of these hostels.

7. Mrs Selina CHOW said that Members belonging to the Liberal Party would support the proposal as well as the provision of additional hostel places for universities. In view of residents' concern about the possible noise nuisance, she asked if HKU had communicated with the residents to allay their concerns. The Chairman of Working Party on Students Residences at Lung Wah Street, HKU (C of WPSRLWS, HKU) explained that the provision of 1 800-place student residences at Lung Wah Street was needed to meet the shortfall of student hostel places of HKU. In the light of the discussion at the Public Works Subcommittee (PWSC) meeting on 9 January 2008, HKU had provided the neighbouring residents with information on the proposed shuttle bus schedule, and the proposed formation of a liaison group. The liaison group, comprising student and resident representatives, Central and Western District Council (C&WDC) members, construction contractors, as well as university authorities, aimed to resolve concerns which might arise from the provision of the student hostel. Additional mitigation measures would be implemented if necessary. He added that the student residences at Lung Wah Street would be allocated to senior-year, post-graduate or non-local students who would need more time on their study. Students who made excessive noise at night would be warned, and in serious circumstances, would be required to move out of the hostel.

8. Miss CHAN Yuen-han expressed concern about the lack of communication between the neighbouring residents and HKU. Ms Emily LAU also stressed the need for HKU to step up communication with residents to address their concerns about the noise nuisances. The Dean of Student Affairs, HKU (Dean of SA, HKU) said that following the PWSC meeting on 9 January, HKU arranged a meeting with residents through C&WDC members on 23 January. It was regretful that no resident representatives attended the meeting. Arrangements were being made to fix another meeting with the residents to discuss measures to resolve the noise nuisances, but no progress had been made so far. Notwithstanding, HKU had set out in its written response to the residents possible measures to address their concerns on traffic impact, noise nuisances and greening measures. The liaison group would also maintain communication with the residents during the construction and operation of the new hostel.

9. Ms Audrey EU said that Members belonging to the Civic Party would support the proposal. Referring to the submission from the Smithfield Garden Co-operative Building Society Limited tabled at the meeting, she noted that the Society was not objecting to the provision of additional hostel places, but was concerned about the under-utilization of land in the HKU campus, which could be developed as student hostels to meet the shortfall of hostel places. Besides, residential developments in the vicinity of HKU hostels, such as the University Heights and the Belchers, had been complaining about the noise nuisances associated with the activities of students at the hostels. SAD(EO), HKU said that the HKU campus had been fully utilized to meet the needs of staff and students. Dean of SA, HKU added that he had received

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complaints from residents of the Belchers, particularly during the intake of the HKU students when orientation programmes were held, and efforts had since been made to address the complaints through liaison with the students and the hostel management. However, he did not receive any complaints from residents of the University Heights. As regards the Lung Wah Street Student Hostel, it was expected that the noise nuisance arising from student activities would be comparatively less because the hostel places would be allocated to senior-year and post-graduate students, and hence few orientation programmes would need to be held.

10. Mr LEUNG Yiu-chung opined that the affected residents might not be convinced of HKU's assurance, and HKU would need to step up communication with residents and make efforts to reducing the noise nuisances. C of WPSRLWS, HKU said that since June 2006, the Working Party on Students Residences at Lung Wah Street had held several meetings with the affected residents and C&WDC members, during which detailed information on the measures to be taken to address noise nuisances arising from the new hostel was provided to residents concerned. To minimize the noise impact on the neighbourhood, HKU had adopted appropriate features and made necessary adjustments to the design of the project such as lowering the development density of the site, locating the hostel blocks closer to the hill, increasing the area for greening and relocating the pick up/dropping-off point of the shuttle bus at the covered carpark at the lowest level of the podium. It was expected that the liaison group to be formed would hold regular meetings to monitor the situation.

11. Noting that a number of changes had been made to the design of the hostel to address residents' concern about noise nuisance, Miss CHOY So-yuk questioned whether her earlier suggestion of providing lifts near the HKU Sports Centre was being considered. She pointed out that the proposal would reduce the reliance on vehicle transport for access to the HKU campus by students, thereby dispensing with the need for shuttle bus service on the one hand and alleviating residents' concern about the traffic impact on the other. SAD(EO), HKU said that in future a footbridge would be constructed across Pokfulam Road connecting the campus with the Belchers and the future MTR station. Another footbridge would be built to connect various campus facilities, including Hotung Hall. These footbridges would facilitate pedestrian access to HKU campus and reduce reliance on vehicle transport.

12. Dr YEUNG Sum stressed that students' needs and preferences should be taken into account in designing the hostel. While there should be continued communication with the residents to address their concerns, such work should be taken up by Home Affairs Department rather than HKU itself. The work of the liaison group should continue following the completion of the hostel. There should be more forward planning on the part of the Administration in making available suitable land for the provision of additional hostel places for university students having regard to the changing demands arising from the new academic structure under the "3+3+4" arrangement, and more information in this respect should be provided for members' reference. C of WPSRLWS, HKU assured members that communication with residents concerned would be maintained through the liaison group.

Demand for student hostel places

13. Mr Martin LEE enquired about the percentage of local HKU students who could be accommodated at hostels. SAD(EO), HKU said that at present, about 30% of local students could be admitted to student hostels. As the shortfall of hostel places would become more acute in 2012 with the implementation of the new academic structure, it was hoped that the proposed provision of the 1 800 hostel places would help to alleviate the pressing problem.

14. Ms LI Fung-ying expressed support in principle for the proposal. She noted from media reports that the recruitment of more non-local students by tertiary institutions in Hong Kong had increased the demand for hostel places. As non-local students would likely be given a higher chance for accommodation in hostels, this might unfairly deprive local students of their chances. She considered it necessary to ensure a fair allocation of student hostel places between local and non-local students.

15. Dean of SA, HKU responded that it was HKU's policy that suitable accommodation, which might or might not be in the form of hostels, would be provided to non-local students during their studies in Hong Kong. At present, about 30% of the hostels places were allocated to non-local students while 70% were allocated to local students. In assessing the eligibility of local students for hostel places, HKU had adopted an allocation system which took account of the travelling time between campus and home, conditions of the home environment, and any special needs of students. The recruitment of non-local students would not affect the chances of hostel allocation to local students. On the contrary, the progress of development towards internationalization was indeed constrained by the shortfall of hostel places. It was hoped that the provision of the 1 800-place student residences at Lung Wah Street would alleviate the problem. As regards Dr KWOK Ka-ki's enquiry about the percentage of local students to be admitted into the Lung Wah Street Student Hostel, Dean of SA, HKU said that it was likely that the percentage of non-local students at the new hostel would be higher than other hostels, given that two blocks would be allocated to post-graduate students, many of whom were non-locals.

16. While acknowledging the need for additional hostel places to allow students a chance to stay in hostels, Dr Fernando CHEUNG stressed that the provision of hostel places should not be used as a means to attract non-local students from abroad to enrol in non-University Grants Committee (UGC) funded programmes or other self-financing programmes, since hostel places were funded by public purse. Dean of SA, HKU clarified that the HKU hostel places would only be allocated to students pursuing UGC-funded programmes. Those pursuing non-UGC funded programmes would not be provided with hostel places. As regards the hostel places at Lung Wah Street, these would be allocated to senior undergraduates, post graduates and non-local students. The Principal Assistant Secretary (Higher Education), (PAS(HE)) supplemented that under the prevailing hostel policy, non-local students attending full-time publicly-funded sub-degree or degree programmes offered by UGC-funded institutions would be provided with hostel places throughout their

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studies in Hong Kong. Local undergraduate students would be given the opportunity to stay in student hostels for one year of their courses. No publicly-funded hostel places would be allocated to non-local students studying self-financing courses offered by non-UGC funded institutions.

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17. The Deputy Secretary-General (1), UGC advised that there were about 1 131 non-local students pursuing UGC-funded programmes and staying in HKU hostels. She re-affirmed that students studying self-financing courses offered by non-UGC funded institutions should not be allocated publicly-funded hostel places. At members' request, the Administration undertook to provide the number of publicly-funded hostel places to be provided over the next five years under the new senior secondary academic structure and having regard to the increase in non-local students and the anticipated number of local students who would be given the opportunity to stay in student hostels during their courses.

18. Ms Emily LAU enquired about the non-traditional style of management of the Lung Wah Street Student Hostel. SAD(EO),HKU said that with the change in student mix in recent years, the number and types of activities would be different from the existing ones. With the setting up of the hostel for post-graduate students, there would be learning sessions and discussion forums held at the hostels to enable more intellectual and cultural interaction among students.

Shared use of hostel facilities

19. Ir Dr Raymond HO said that Members belonging to the Alliance supported the proposed provision of the student hostel. He appreciated the efforts made by HKU to address residents' concern about the noise nuisances associated with student activities. He opined that, in line with overseas practice consideration should be given to opening up the university campus as leisure grounds for the enjoyment of the public.

20. Dr KWOK Ka-ki enquired about public access to hostel facilities. Dean of SA, HKU said that at present, many HKU facilities, including canteens, were open to the public and frequented by neighbouring residents. As regards the Lung Wah Street Student Hostel, Dean of SA, HKU said that the eastern portion of the site would be landscaped for environmental and amenity benefits. It would be open to the neighbouring community, and consideration would be given to organizing cultural activities at the site and allowing participation of nearby residents. Meanwhile, students would be encouraged to serve the local community by providing social services. They would also be invited to join the liaison group. The feasibility of allowing public access to hostel facilities would be looked into, taking into account security implications, student needs and community preferences. Mr Tommy CHEUNG cautioned that the opening up of canteens to the public might necessitate a restaurant licence.

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21. In reply to Dr KWOK, the Chairman of Project Group of Human Research Institute, Phase 1, HKU said that the naming of donated facilities would be considered by the university administration, taking into account donors' preference. While the university administration had full autonomy in the naming of facilities, consultation would be held on the naming of the student hostel.

22. Referring to the adjustments to the layout of the hostel, which allowed for more greenery and closer location to the hills, Professor Patrick LAU noted that the overall planning design of the hostel had accommodated the residents' request for shared use of the greenery. Mr Abraham SHEK said that he would support the proposed provision of the student hostel. However, he could not understand why the nearby residents would object to the proposed provision of hostel on the one hand, but wished to have shared use of the hostel facilities on the other. He considered the residents' worry that the provision of student hostels in the vicinity would lower the property prices unfounded. He did not agree that approval for the proposal should not be conditional upon the accessibility of hostel facilities to the public, because students' interests and security implications should come first in the provision of student hostels.

Energy efficiency measures

23. Dr KWOK Ka-ki enquired about the energy conservation measures to be adopted. SAD(EO),HKU advised that the hostel would be provided with high efficacy fluorescent tubes with electronic ballast and lighting control by occupancy and daylight sensors, low energy consumption "Exit" signs, variable voltage and variable frequency drives and energy management system for lifts, as well as variable speed drives and occupancy sensors for the control of mechanical ventilation and air conditioning installation. On the use of renewable energy, SAD(EO),HKU said that photovoltaic panels would be installed at the rooftop to provide lighting. Each unit would be provided with its own air-conditioning system and occupants were required to settle their individual electricity bills. These energy efficiency measures would contribute to energy savings of about \$800,000 per year.

24. Ms Emily LAU sought elaboration on the percentage difference in energy savings between the Human Research Institute and the Lung Wah Street Student Hostel, which was 10% and 8.5 % respectively. She also enquired if the greening measures could be further enhanced. SAD(EO),HKU said that the savings on energy consumption were worked out by the consultants. The percentage difference of energy savings between Human Research Institute and the Lung Wah Street Student Hostel were attributed to the different usage of the buildings. As for greening measures, the Human Research Institute would be adopting vertical greening which would assist in the dissipation of heat from the sun.

Land use of the Lung Wah Street site

25. Dr Fernando CHEUNG enquired about the rationale for changing the land use of the Lung Wah Street site, which was originally earmarked for redevelopment.

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PAS(HE) said that back in 2001, the Lung Wah Street site was intended for re-housing of residents affected by redevelopments within the same district. The Government however decided in June 2002 that the site was no longer needed for such purpose as the affected residents had already been re-housed in neighbouring estates. The site had since been earmarked for the development of student hostels.

26. The Chairman put FCR(2007-08)51 to the vote. 30 members voted for the proposal and three members abstained. The individual results were as follows:

For :

Ir Dr Raymond HO Chung-tai	Mr LEE Cheuk-yan
Mr Martin LEE Chu-ming	Ms Margaret NG
Mr James TO Kun-sun	Miss CHAN Yuen-han
Mr SIN Chung-kai	Mr Jasper TSANG Yok-sing
Dr YEUNG Sum	Mr LAU Wong-fat
Ms Miriam LAU Kin-yee	Ms Emily LAU Wai-hing
Miss CHOY So-yuk	Mr Abraham SHEK Lai-him
Ms LI Fung-ying	Mr Tommy CHEUNG Yu-yan
Mr Albert CHAN Wai-yip	Mr Frederick FUNG Kin-kee
Ms Audrey EU Yuet-mee	Dr Joseph LEE Kok-long
Mr Daniel LAM Wai-keung	Mr Jeffrey LAM Kin-fung
Mr Andrew LEUNG Kwan-yuen	Mr Alan LEONG Kah-kit
Dr KWOK Ka-ki	Dr Fernando CHEUNG Chiu-hung
Mr Ronny TONG Ka-wah	Prof Patrick LAU Sau-shing
Mr KWONG Chi-kin	Mrs Anson CHAN, GBM, JP

(30 members)

Abstention :

Mr LEUNG Yiu-chung	Mr LAU Kong-wah
Mr CHEUNG Hok-ming	

(3 members)

27. The Committee approved the proposal.

Item No. 3 - FCR(2007-08)52

**HEAD 159 – GOVERNMENT SECRETARIAT: DEVELOPMENT BUREAU
(WORKS BRANCH)**

♦ Subhead 700 General non-recurrent

New Item “Revitalising Historic Buildings Through Partnership Scheme”

28. The Chairman informed members that the Panel on Home Affairs was consulted on the proposal at its meeting on 2 January 2008.

29. Miss CHOY So-yuk, Chairman of the Panel on Home Affairs, said that while supporting the Revitalizing Historic Buildings Through Partnership Scheme (the

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Scheme), which aimed at preserving historic buildings and promoting active public participation in heritage conservation, the Panel pointed out the need for greater flexibility under the Scheme to allow participation of more non-profit-making organizations (NPOs). There was also suggestion that more historic buildings of a larger size should be identified for inclusion into the next batch of the Scheme. Miss CHOY added that Members belonging to the Democratic Alliance for Betterment and Progress of Hong Kong were supportive of the proposal.

30. Ms Emily LAU enquired about the selection criteria for the seven historic buildings under the Scheme, and whether the decision was based on the recommendations of District Councils. The Deputy Secretary for Development (Works)1 (DS(Works)) said that one of the selection criteria was the clarity of title of the historic buildings. The seven historic buildings were chosen from a number of other historic buildings because most of them were Government buildings, with the exception of Mei Ho House which was owned by the Housing Authority. Consideration would be given to identifying more suitable historic buildings, including privately-owned historic buildings which were donated to the Government, for inclusion in the second batch of historic buildings under the Scheme.

31. While supporting the Scheme, Dr KWOK Ka-ki held the view that there should be public consultation on the usage of these buildings. He asked whether consideration could be given to setting out in the tender document the requirement for opening up the revitalized buildings for use by the general public. DS(Works) said that under the Scheme, NPOs would be invited to submit proposals on a competitive basis to revitalize historic buildings. Instead of tendering, applications would be invited under the Scheme as the proposed usage would take the form of a social enterprise (SE) rather than a commercial enterprise. The applications would be assessed in accordance with, inter alia, the social value of the proposal, i.e. how the community would be benefited. Therefore, public patronage and accessibility of the revitalized historic buildings would be one of the key considerations in the assessment of applications. Examples of usages would include display centre, Chinese medicine shop, etc. A vetting committee, comprising representatives from relevant Government departments (such as the proposed Commissioner for Heritage's Office, Antiquities and Monuments Office, Architectural Services Department), experts in the fields of heritage conservation and SE, would be set up to examine the proposals. Before including a historic building into the Scheme, the views of the relevant District Councils would be sought as appropriate, and the information would be useful in the subsequent assessment of applications.

32. Ms Emily LAU questioned the rationale for confining eligible applicants to NPOs which had acquired charitable status under section 88 of the Inland Revenue Ordinance (Cap.112) (IRO). DS(Works) explained that as heritage conservation by charitable organizations was a relatively new concept to the community, explanations had been given to the Inland Revenue Department (IRD) to enable it to render the necessary assistance. Given that section 88 of IRO had clear provisions on charitable status, it had been used to define the eligibility of applicants. To accommodate NPOs which might not possess the requisite charitable status at the time of submission

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of applications, the Administration would allow those which had formally submitted applications to IRD to participate, but their applications could only be taken forward into the next stage, roughly a few months after the closure of application, if by then they had received approval for the requisite charitable status.

33. Dr Fernando CHEUNG said that barrier-free access should be provided in the revitalized buildings as far as practicable for the benefit of the physically disabled. Energy efficient measures should be adopted to achieve energy conservation. More experts in the field of social values should also be included in the vetting committee. DS(Works) advised that the vetting committee would comprise experts in the field of social values to assist in the vetting of applications. A multi-disciplinary Revitalization Scheme Secretariat would be set up to help implement the Scheme and provide assistance to applicants. Assistance to overcome the inherent structural problems of historic buildings, including the provision of barrier-free access for the physically disabled as well as fire service installations, would be provided as far as practicable.

34. Mr Albert CHAN supported the principle behind the Scheme, which allowed for the preservation of historic buildings. He expressed concern, however, about the requirement for participating organizations to maximize economic benefits and to demonstrate their financial viability, which might turn the Scheme into a profit-making project. He was also concerned about the high administrative costs of the Scheme.

35. DS(Works) explained that SEs under the Scheme were businesses with primarily social objectives, the surpluses from which would be re-invested for the respective purposes which the SE were set up. In assessing the applications, it would be necessary to ensure that these SEs would preserve and put the historic buildings to good and innovative use. If a preservation project was found to be justified, a one-off grant with a financial ceiling of \$5 million per building/project would be provided to meet the starting costs and operating deficits, if any, for a maximum of the first two years of operation, on the assumption that the project was self-sustainable after the initial period. There would be regular monitoring of the progress of projects to ensure that they met the intended objectives. Agreement(s) would be signed with the NPO concerned, which would be subject to termination if the project proponents failed to deliver the intended objectives. Guidelines on recruitment and procurement would be provided to ensure the effective use of public resources. Apart from financial assistance and support, advisory services to assist NPOs in undertaking the projects would be provided as appropriate.

36. Dr Fernando CHEUNG held the view that the objectives of the Scheme in revitalizing historic buildings through the establishment of SEs by NPOs would not be easy to achieve since most SEs were operating at a deficit. Given the many constraints of the Scheme, its sustainability was questionable. He opined that a review should be conducted in five years' time to assess the financial viability of SEs under the Scheme. DS(Works) explained that the Administration acknowledged the difficulties in taking forward SE operations and had proposed to provide financial

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assistance to NPOs in the manner now suggested. For example, SEs would only be charged of a nominal rental for the historic buildings, while a capital grant would be provided for renovation cost and a one-off grant would be provided to meet the starting costs and operating deficits. At a meeting with interested NPOs, the Administration undertook that it would be responsible for maintaining and repairing the structural parts of and slopes adjacent to the buildings after these were let to the successful NPOs.

37. Mr WONG Kwok-hing said that he fully supported the proposal. He however expressed concern about the adequacy of the proposed funding given the high maintenance cost of these historic buildings, and the consequences in the event that the SEs undertaken by NPOs were found to be financially not viable in the long run. DS(Works) said that the new commitment of \$100 million would be able to meet the non-works related expenditure in implementing the Scheme for five years, while separate funding would be sought from PWSC/Finance Committee for the capital cost. She added that the financial viability of SEs to be undertaken under the Scheme would be scrutinized by the vetting committee. In reply to Mr WONG's further enquiry on the usage of the historic buildings, DS(Works) said that this would depend on the location and structure of the buildings, but an open approach would be adopted. Reference to overseas experience would be made in the revitalization of historic buildings.

38. While supporting the Scheme which also aimed at promoting SEs, Dr YEUNG Sum expressed concerned that there was as yet no legal backing for SEs. He considered that legislation should be introduced for SEs, setting out the rules and regulations in undertaking SEs so as to facilitate acquisition of land, preparation of accounts, and collection of charitable donations, etc. DS(Works) said that the policy of SEs fell outside the purview of the Development Bureau, but she would relay Dr YEUNG's views to the Home Affairs Bureau for consideration.

39. Mrs Anson CHAN suggested that a resource centre should be set up to assist and facilitate NPOs in the development of SEs. DS(Works) said that with the proposed setting up of the Commissioner for Heritage's Office, a one-stop service would be provided to assist and advise NPOs in the undertaking of SEs.

40. Owing to time constraint, the Chairman said that items not dealt with at the current meeting would be carried over to the next meeting scheduled for the same day at 4:35 pm.