

立法會
Legislative Council

LC Paper No. FC12/08-09
(These minutes have been seen
by the Administration)

Ref : CB1/F/1/2

Finance Committee of the Legislative Council

**Minutes of the 14th meeting
held at the Legislative Council Chamber
on Friday, 9 May 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
Hon Fred LI Wah-ming, JP
Hon Margaret NG
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon James TO Kun-sun
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
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 Andrew CHENG Kar-foo
Hon Timothy FOK Tsun-ting, GBS, JP
Hon Abraham SHEK Lai-him, SBS, JP
Hon LI Fung-ying, BBS, JP

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

Members absent:

Dr Hon David LI Kwok-po, GBM, GBS, JP
Dr Hon LUI Ming-wah, SBS, JP
Hon Bernard CHAN, GBS, JP
Hon SIN Chung-kai, SBS, JP
Dr Hon Philip WONG Yu-hong, GBS
Hon LAU Chin-shek, JP
Hon CHOY So-yuk, JP
Hon TAM Heung-man
Hon Mrs Anson CHAN, GBM, 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)
Mr Philip YUNG, JP	Deputy Secretary for Transport and Housing (Transport)1
Mr WAI Chi-sing, JP	Director of Highways
Mr WAN Man-lung, JP	Principal Government Engineer (Railway Development) Highways Department
Mr Anson LAW	Acting Principal Assistant Secretary for Financial Services and the Treasury (Treasury)(I)
Mr Russell BLACK	Project Director MTR Corporation Limited
Ms Maggie SO	Senior Manager (Projects and Property Communications) MTR Corporation Limited
Mr Joshua LAW, JP	Permanent Secretary for Constitutional and Mainland Affairs
Mrs Betty FUNG, JP	Director of Information Services
Mr YUE Chi-hang, JP	Director of Architectural Services
Mr Peter YUEN	Project Director 1 Architectural Services Department
Mr Alan SIU, JP	Deputy Secretary for Commerce and Economic Development (Communications and Technology)
Mr CHUNG Ling-hoi, JP	Deputy Director of Leisure and Cultural Services (Culture)
Mr Howard CHAN	Deputy Secretary for Constitutional and Mainland Affairs
Mr Patrick CHAN	Director, Hong Kong Economic and Trade Affairs, Shanghai Constitutional and Mainland Affairs Bureau

Clerk in attendance:

Mrs Constance LI	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

Item No. 1 - FCR(2008-09)7

RECOMMENDATIONS OF THE PUBLIC WORKS SUBCOMMITTEE MADE ON 23 APRIL 2008

The Chairman put FCR(2008-09)7 except PWSC(2008-09)1 to vote. The Committee approved the proposal.

PWSC(2008-09)1 51TR Shatin to Central Link – design and site investigation

Proposed works in Tsz Wan Shan and Diamond Hill

2. While not objecting to the proposed Shatin to Central Link (SCL), Mr Fred LI was gravely concerned that, as the proposal of providing a station in Tsz Wan Shan had been abandoned, local residents would need to continue to rely on road-based transport. Mr LI urged the Administration to improve expeditiously the connection between Tsz Wan Shan and SCL stations in the vicinity through other means such as providing pedestrian walkway systems.

3. The Deputy Secretary for Transport and Housing (Transport)1 (DS(T)1) responded that it had not been possible to pursue the previous proposal of including a station in Tsz Wan Shan owing to geotechnical constraints and associated safety issues that could not be easily resolved. The Administration was aware of the request of local residents for transport links to SCL stations. Proposals to provide a better connection between the residential and other developments in Tsz Wan Shan and the Diamond Hill Station would be examined during the design stage of SCL, on the basis of using the existing footbridge systems and public transport services in the district. The Administration had exchanged views with the local communities on this subject and gathered a number of enhancement proposals for further examination. DS(T)1 said that the Administration would analyze and consolidate the proposals so as to come up with finalized options for consultation with the relevant District Council (DC) and the local communities. Responding to Mr Fred LI's further enquiry, DS(T)1 advised that funding requirements for implementation of the proposed enhancement works would be included under the SCL project. As the current proposal only sought funding approval for the design and site investigations for the SCL project, funding for the implementation of proposals to enhance the pedestrian facilities in Tsz Wan Shan would be included in a later funding proposal to be submitted for the construction of SCL.

4. Mr Albert CHAN stated that he supported in principle the SCL project but not the current funding proposal. He was of the view that the deletion of the Tsz Wan Shan Station and the addition of the Whampoa Station for SCL reflected an unfair allocation of railway resources geared towards the well-being of the middle-class instead of the grassroots population.

5. Miss CHAN Yuen-han and Mr Frederick FUNG also expressed concern about the deletion of the Tsz Wan Shan Station. They opined that the large population of Tsz Wan Shan and the physical constraints for expansion of road-based transport called for the provision of direct railway link in addition to the enhancement of pedestrian facilities. Mr FUNG was not convinced of the deletion of the station in Tsz Wan Shan on the grounds of geotechnical constraints. Miss CHAN asked whether the Administration would examine the construction of Tsz Wan Shan Station at an alternative site (such as at Yuk Wah Street) during the design stage of SCL.

6. DS(T)1 recapped that it had not been possible to pursue the initial proposal of including a station in Tsz Wan Shan owing to geotechnical constraints and safety concerns revealed during further site investigations. The Administration had however undertaken to carry out enhancements to the pedestrian facilities to improve connection between Tsz Wan Shan and the Diamond Hill Station. The Director of Highways (DHy) supplemented that according to available information on the ground conditions in the area of Yuk Wah Street, tunnelling or underground works might pose risks to the foundations of existing buildings in the vicinity. Hence, Yuk Wah Street would unlikely be a suitable site for the construction of a SCL station. DHy advised that geotechnical studies would be conducted after funding under the current proposal was approved. The detailed design of SCL could be worked out based on the information obtained from such studies.

7. Ir Dr Raymond HO appreciated that geotechnical constraints and fire safety were major factors for the decision against building a station at Tsz Wan Shan. He considered that the Administration should explain these constraints clearly to the local communities and take expeditious action to enhance the pedestrian facilities so as to improve the connectivity of residential developments in Tsz Wan Shan with the railway system.

8. On the need to provide a SCL station at Tsz Wan Shan to meet the demand of local residents, Miss CHAN Yuen-han called on the Administration to seriously reconsider the feasibility of constructing the Tsz Wan Shan Station and examine the geotechnical conditions of nearby alternative sites during the upcoming site investigations. She expressed reservation on the current funding proposal in the absence of any firm undertaking on the construction of the Tsz Wan Shan Station, and on the preservation of three graded historical buildings near the proposed Diamond Hill Depot. In response, DHy said that as the feasibility of constructing a Tsz Wan Shan Station could still be examined during the site investigation stage for the design of SCL, it was not appropriate for him to give an undertaking at this stage which might pre-empt the findings of the investigations.

9. Mr CHAN Kam-lam pointed out that the accessibility and connectivity of existing pedestrian facilities in Tsz Wan Shan should be improved so that local residents, particularly the rising elderly population, could reach the Diamond Hill Station easily for railway services. He urged the Administration to maintain close dialogue with the local communities and to give due consideration to their views when planning the provision of additional pedestrian facilities in Tsz Wan Shan.

10. DS(T)1 responded that the Administration would continue to make the best endeavour to engage the local communities and seek their views in the design stage of the SCL, so as to work out a mutually acceptable way of improving the pedestrian facilities in Tsz Wan Shan. As regards Mr CHAN Kam-lam's further enquiry about the coordination between relevant government departments, DS(T)1 said that the enhancement measures would be worked out in consultation and collaboration with the Housing Department and other departments concerned.

11. Miss CHAN Yuen-han expressed concern about the possible impact of the proposed Diamond Hill Depot on the three graded historical buildings in the vicinity. She enquired whether the depot would be built underground to minimize the heritage impact, and whether the views of DC and the local communities on the preservation of the historical buildings would be taken into account in the design of SCL.

12. In reply, DS(T)1 advised that to minimize its visual and noise impact, the proposed depot was planned to be constructed as deep as possible underground. As the SCL project was a designated project under the Environmental Impact Assessment (EIA) Ordinance (Cap. 499), its design and implementation would have to comply with the recommendations of the EIA study. A heritage impact assessment would be carried out to assess the impact of the proposed works on any sites or buildings of historical value. The views of local residents would be taken into account in the heritage impact assessment.

Provision of Hin Keng Station

13. Ms Emily LAU said that she was glad to note that the Administration would examine further the provision of the Hin Keng Station in light of the request of the Sha Tin DC and the local community. She was concerned about the factors to be taken into consideration and the timeframe for decision. In response, DS(T)1 acknowledged the concern of the Sha Tin DC and the local community, and advised that in the next few months, the Administration would examine the anticipated passenger flow of the Tai Wai Station. If the assessment indicated a sustained rise in passenger flow, the Administration would agree in principle to provide a Hin Keng Station on the SCL. At the request of Ms LAU, DS(T)1 agreed to inform the Legislative Council (LegCo) of the Administration's stance on the proposed provision of the Hin Keng Station in due course.

Admin

14. Mr Andrew CHENG highlighted that there was a clear and genuine demand for the provision of the Hin Keng Station. He was of the view that there should not be any significant fluctuations in the anticipated passenger flow in the next few months, and doubted why an immediate decision could not be made. Ir Dr Raymond HO also urged the Administration to give due consideration to the request of local residents for the provision of the Hin Keng Station. He was of the view that the Administration should exercise flexibility in assessing the need for the station on the basis of anticipated passenger flow. Mr LAU Kong-wah called on the Administration to give a clear undertaking that the Hin Keng Station would be provided along with SCL if the anticipated increase in passenger flow so justified.

15. DS(T)1 reiterated that the Administration was fully aware of the request of the LegCo, the Sha Tin DC and the local community for the Hin Keng Station. It would try its best to finalize, as early as practicable, its view on the subject having regard to the latest estimates on the increase in passenger flow. If a sustained increase in passenger flow at the Tai Wai Station was anticipated, and if the provision of the Hin Keng Station could help alleviate the congestion at Tai Wai Station and facilitate members of the public visiting the public facilities near Hin Keng Estate, the Administration would give serious consideration to providing the Hin Keng Station.

Cross-harbour section and Central South Station

16. Mr Andrew CHENG expressed concern about the possible impact of the court ruling on the reclamation works for the Central-Wan Chai Bypass (CWB) on the SCL project. In response, DHy said that at the design stage of SCL, the Administration would explore the feasibility of carrying out the works for SCL first. Moreover, the Administration would explore other implementation options taking into account the requirements of the court ruling, including alternative construction methods or schemes that would not involve temporary reclamation.

17. Mr LAU Kong-wah opined that the effectiveness of the SCL as one of Hong Kong's strategic rail links would be significantly undermined if its cross-harbour section would not be built in one go. Mr LAU asked whether the Administration's efforts in exploring options to carry out works for SCL would help minimize delay to project implementation, notably the cross-harbour section.

18. In response, DHy advised that the Administration aimed to identify feasible ways to take forward SCL according to the current schedule of completing the cross-harbour section in 2019. The timeframe for delivery of the cross-harbour section mainly hinged on the construction of the Exhibition Station (which would involve the reprovisioning of a number of public facilities such as the Wan Chai North Public Transport Interchange) and the construction of the cross-harbour tunnel of SCL (which would cross over the tunnel of CWB). He nevertheless pointed out that delay in the works for CWB as a result of the judicial review on the temporary reclamation might affect the proposed completion plan of the cross-harbour section of SCL in 2019. The Administration would explore options to carry out the works for SCL so as to avoid or minimize the impact of such delay, if any.

19. Mr Frederick FUNG was concerned that as there was a four-year gap between the completion of the Tai Wai to Hung Hom section and that of the cross-harbour section of SCL, congestion might occur at the current Hung Hom Station. He urged the Administration to expedite the construction of the cross-harbour section to minimize the time gap and provide passengers with a direct rail link between Shatin and Central as soon as possible.

20. Mr Andrew CHENG was gravely concerned about the timing for the provision of the Central South Station. He opined that from the outset, plans would be made for SCL to reach Central, instead of ending at Admiralty. Mr LAU Kong-wah enquired about the plan and timeframe for initiating a review on the provision of the Central South Station.

21. In response, DHy advised that apart from geotechnical consideration, the provision of the Central South Station had to tie in with future developments in the area and to facilitate the use of the railway by the public. DS(T)1 supplemented that the suitability of the site to be vacated by the Central Government Offices as a future station could be examined when deciding on the future planning of the site in question.

22. Mr Frederick FUNG pointed out that consideration should be given to the needs and convenience of commuters in the design of SCL, for example, by providing adequate exits for each station and providing complete escalator connections between the station platforms and the ground level. In response, DS(T)1 said that in deciding the number and locations of exits of each station, the consultant would take into consideration the community's views during public consultation. The Senior Manager (Projects and Property Communications), MTR Corporation Limited noted Mr FUNG's concern about the provision of escalators connection and advised that the provision of such facilities would be examined in the design stage of SCL.

Funding arrangement

23. Mr Albert CHAN pointed out that the funding approach for the SCL project under which the Government would pay for the construction of the railway line was a fundamental change in the policy for railway development, as the Government had in the past mainly relied on granting property development rights for providing financial support to bridge the funding gap. Mr CHAN considered it unacceptable that no proper consultation had been conducted on the new funding approach and that the Government had introduced such a major change as part of the rail merger proposal.

24. Mr Andrew CHENG also expressed concern about the funding arrangement. As the Government would be responsible for the substantial cost for the construction of SCL, Mr CHENG was of the view that it should have a greater say in fare determination. In this connection, he called on the Administration to confirm its role in the future fare determination for SCL, as well as the feasibility or otherwise of setting up a fare stabilization fund to moderate the rate of fare increase. Mr LEUNG Kwok-hung also queried the fairness of the current funding arrangement.

25. In reply, DS(T)1 advised that SCL was to be implemented under the concession approach where the Government would fund the necessary railway infrastructure of the construction of SCL. Upon completion of the construction of SCL, the MTR Corporation Limited would be granted a service concession and pay the Government service concession payments for the right to operate SCL. The ownership of SCL would remain with the Government. Noting Members' concern about the funding approach, DS(T)1 advised that the Administration would provide to the LegCo a paper on the funding arrangements for railway projects.

Admin

Public consultation

26. Ms Emily LAU enquired about the Administration's plan on the two-stage public consultation for SCL. She opined that in addition to consultation with the

relevant DCs, the community at large should also be engaged through other channels such as public forums. Moreover, a variety of presentation materials should be prepared to facilitate the public in understanding the proposed SCL scheme.

27. DS(T)1 advised that the first-stage consultation would be conducted in tandem with the preliminary design of SCL and the second stage would be conducted in-depth with a developed scheme. Relevant DCs and local communities along the proposed alignment of SCL would be consulted during both stages, through channels such as meetings, public forums and exhibitions. He advised that various audio visual aids would be employed to help the public understand the proposed design of the railway and express their views.

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

Item No. 2 - FCR(2008-09)8

HEAD 144 – GOVERNMENT SECRETARIAT: CONSTITUTIONAL AND MAINLAND AFFAIRS BUREAU

♦ Subhead 700 General non-recurrent

HEAD 703 – BUILDINGS

Support – Commerce and Industry

6GA – HKSAR's Participation in the World Exposition 2010 Shanghai China – Hong Kong Pavilion

29. The Chairman informed members that the Panel on Commerce and Industry (CI Panel) had been consulted on 18 December 2007 and 15 April 2008 on the Hong Kong Special Administrative Region (HKSAR)'s participation in the World Exposition 2010 Shanghai China (Shanghai Expo). The CI Panel supported the proposal in principle. In relation to the Urban Best Practices Area Exhibition (UBPA Exhibition), Panel members suggested that the Administration should make use of the opportunity to promote wider use of smartcard systems and the application of new technology by government departments. The Administration was also requested to explore the possibility of retaining the exhibits after the Shanghai Expo for exhibition in Hong Kong.

Theme and content of exhibitions

30. Mr CHEUNG Man-kwong said that Members belonging to the Democratic Party supported in principle HKSAR's participation in the Shanghai Expo. Referring to the six key elements covered under the theme of the Hong Kong Pavilion (HK Pavilion) entitled "Hong Kong – A City With Unlimited Potential", Mr CHEUNG opined that the rule of law should also be featured as one of Hong Kong's strengths in the exhibition. Mr Ronny TONG shared the view. The Permanent Secretary for Constitutional and Mainland Affairs (PSCMA) responded that the merits of Hong Kong's rule of law could be covered under the theme of the HK Pavilion and other related activities organized by HKSAR during the exposition period.

31. As to the UBPA Exhibition, Mr CHEUNG Man-kwong was concerned whether the proposal of showcasing the application of smartcard systems and innovative technologies in Hong Kong would represent the most unique strengths of Hong Kong on which other cities could model. Mr CHEUNG doubted whether the development and applications of smartcard systems in Hong Kong would provide sufficient materials for display in the UBPA Exhibition.

32. The Deputy Secretary for Commerce and Economic Development (Communications and Technology) (DS(CT)) advised that Hong Kong's application for participation in the UBPA Exhibition had been selected through a competitive process from over 100 applications, and after scrutiny by an international selection committee. The innovative and effective applications of smart card systems and technologies in Hong Kong had received widespread recognition in the international arena and should be of good reference value to other cities. As the Shanghai Expo would be held in 2010, the Administration would not stand still with the current development but would target to feature in the UBPA Exhibition new and innovative applications developed in the upcoming years.

33. Ms Emily LAU noted with interest that the Administration planned to explore the further use of smartcard applications in new areas such as education, medical care and conservation of environment, etc.. She sought information on the use of smartcard systems in the above areas. In response, DS(CT) advised that further use of smartcard applications in these new community areas might include (i) keeping attendance records of extra-curricular activities to encourage students' participation; (ii) keeping information on patients' medical history to facilitate timely and proper treatments; and (iii) implementing bonus scheme to encourage volunteer participation in environmental conservation activities. Responding to Ms LAU's further enquiry, DS(CT) said that records of extra-curricular activities could facilitate the compilation of statistics on the popularity of various programmes for reference in the future provision of these activities.

34. Mr LAU Kong-wah stressed that the Administration should strive to feature in the exhibition new smartcard applications which had already been put to use, instead of only those at the conceptual stage. Mr CHEUNG Man-kwong expressed similar concern. In this connection, Mr LAU requested the Administration to provide, in 12 months' time, an interim report on the progress of development of new smartcard applications, notably the enhanced functions of the smart identity card. The interim report should also cover information on the sponsorship secured.

35. Mr CHAN Kam-lam said that Members belonging to the Democratic Alliance for the Betterment and Progress of Hong Kong supported HKSAR's participation in the Shanghai Expo, which was an excellent opportunity to showcase the strengths and developments of Hong Kong. To promote Hong Kong's quality city life and to present its best to visitors, Mr CHAN was of the view that adequate resources should be allocated and experts in the relevant fields should be engaged in preparation of the event.

36. Mr Jeffrey LAM said the Members belonging to the Liberal Party supported HKSAR's participation in the Shanghai Expo. He believed that the wide participation of 171 countries and 31 international organizations in the Shanghai Expo would provide an excellent opportunity for Hong Kong to showcase its quality city life and creativity. Mr LAM and Mrs Sophie LEUNG called on the Administration to work in collaboration with the creative industry to tap their expertise in the relevant fields. Mrs LEUNG opined that the content and design of the exhibitions should be innovative and forward-looking. She pointed out that as Hong Kong had successfully implemented a number of smartcard systems to improve the efficiency of everyday city life, the Administration should take the lead to introduce to the public the future developments of smartcard applications.

Admin 37. PSCMA took note of members' views and assured members that the Administration would strive to develop and enrich the content of the exhibition by tapping the views of the creative industry. He also agreed to keep the relevant LegCo Panel informed of the progress and to provide an interim report in 2009 as requested by Mr LAU Kong-wah.

Financial implications

38. Mr CHEUNG Man-kwong expressed concern about the substantial estimated expenditure of around \$380 million, and asked whether there was room for reduction. In response, PSCMA advised that when working out the preliminary expenditure for HKSAR's participation in the Shanghai Expo, the Administration had tried to minimize the need for additional resources by way of internal redeployment of resources, where possible. The estimated total cost was considered reasonable taking into account the requirements of featuring the unique characteristics of Hong Kong in the HK Pavilion, the UBPA Exhibition and a number of publicity and promotion activities, targeting at an audience of over 70 million people during the six-month exposition period. PSCMA pointed out that while the funding requirements could be further examined and finalized in the later submission to the Finance Committee (FC), he was not in a position to advise on the actual cost reduction at that moment.

39. Mr CHEUNG Man-kwong stated that as detailed information on the estimated expenditure for the proposal was not yet available, his support for the proposal in principle should not be taken as his agreement to the proposed budget of \$380 million. Ms Emily LAU also expressed concern about the use of the \$380 million for the Shanghai Expo, though supporting the proposal in principle. They asked the Administration to seriously examine ways to trim the expenses for the event.

40. While appreciating the importance and merits of HKSAR's participation in this world event, Mr WONG Ting-kwong called on the Administration to ensure proper monitoring of the substantial amount of public resources allocated for the purpose. He enquired whether the actual requirement for public funds would be less than the estimated amount of \$380 million, if sponsorship from the private sector could be obtained for the exhibitions and related activities. PSCMA responded in the affirmative and said that any savings in public funds would be reserved for contingency. The Administration would report the progress in securing sponsorships to the relevant LegCo Panel.

41. Mr Jeffrey LAM asked whether the Administration had taken into account the possible increase in cost resulting from Renminbi (RMB) appreciation when working out the preliminary budget. In response, PSCMA advised that a special provision of about \$29 million had been included in the expenditure for the design and construction of the HK Pavilion. This amount would cater for possible increase in construction costs and RMB fluctuations. The Administration believed that the estimated provision should be adequate, unless in extreme circumstances of unexpected fluctuations in prices and currencies.

42. Mr Ronny TONG expressed appreciation of the proposal of constructing the HK Pavilion to publicize the quality city life of Hong Kong but he questioned the merits and justifications of spending over \$100 million for participating in the UBPA Exhibition. As the Octopus card was the major smartcard system used extensively in Hong Kong, Mr TONG doubted whether it was justifiable to use substantial public funds to showcase various smartcard applications in the UBPA Exhibition. He opined that the Administration should provide a detailed breakdown on the expenditure items for the HK Pavilion and the UBPA Exhibition to facilitate Members' consideration of the proposal.

43. Referring to Enclosure 2 to the Administration's paper, PSCMA clarified that the estimated expenditure relating to HKSAR's participation in the UBPA Exhibition was about \$77 million. He advised that a higher capital cost would be required for the construction of the standalone HK Pavilion but the venue for the UBPA Exhibition would be provided by the organizer. The theme of the UBPA Exhibition had been submitted to and accepted by the international selection committee. If the current proposal was approved by FC, the Administration would then proceed to working out details of the exhibition, including the detailed cost components. The Administration would take heed of Members' views and suggestions in the upcoming preparatory work.

44. Mr Ronny TONG pointed out that the expenditure for the UBPA Exhibition would be more than \$77 million, because other expenditure items such as souvenirs and publicity would be for both the HK Pavilion and the UBPA Exhibition. Dr Fernando CHEUNG expressed similar concerns. He was of the view that as the Octopus Card Limited (OCL) would likely be the major stakeholder benefiting from the UBPA Exhibition on smartcard applications, the Administration should seek sponsorship from OCL and take this into consideration in preparing the detailed estimated expenditure for submission to FC. DS(CT) responded that the UBPA Exhibition would not be limited to a single smartcard system, but would cover a number of smartcard systems developed in both the public and private sectors.

45. Mr LEUNG Kwok-hung was gravely concerned about the justification for HKSAR's participation in the UBPA Exhibition. He opined that funding support in principle should only be granted for the construction of the HK Pavilion and the exhibitions staged therein, but not for the UBPA Exhibition. Mr LEUNG also questioned the purpose of the UBPA Exhibition and the selection process of the applications. PSCMA stressed that the HK Pavilion and the UBPA Exhibition were part and parcel of HKSAR's participation in the Shanghai Expo, and making separate

funding requests for each initiative was not practicable. The Shanghai Expo was the first ever Expo to introduce the UBPA Exhibition, which was set to become one of the key highlights of the event in 2010. HKSAR's application was selected by an international selection committee from a total of over 100 applications. The theme of the UBPA Exhibition was submitted to the Shanghai Expo Organizer after considering views of the local creative industry. He advised that the UBPA Exhibition would cover a range of advanced smartcard applications, including not only the use of Octopus card, but also such other cards as Autotoll and smart identity card. The theme was to demonstrate the strengths and achievements of Hong Kong in the extensive use of innovative ways and technology to improve efficiency in everyday city life.

Economic benefits

46. Mr WONG Kwok-hing supported HKSAR's participation in the Shanghai Expo in principle. He enquired about the impact on job creation. PSCMA advised that the initiative was expected to foster the long-term development of the creative industry in Hong Kong. Various sectors such as design, architecture, software, performing and visual arts etc., would benefit from additional employment opportunities arising from engagement in exhibitions and other related activities for the Shanghai Expo. While it would be difficult to quantify the benefits in terms of job creation, PSCMA advised that according to a preliminary assessment by the Government Economist, the quantifiable economic benefit to Hong Kong was likely to be found mainly in the inbound tourism industry, roughly generating an additional income of \$288 million to \$432 million to the economy. At the request of Mr WONG, PSCMA agreed to examine the possible benefit in terms of job creation for the local workforce, and provide relevant information to the LegCo as far as practicable.

Admin

Public participation

47. Responding to Dr Fernando CHEUNG's enquiry on whether and how the grassroot population and disadvantaged groups could participate in the Shanghai Expo, PSCMA advised that the Administration would work out relevant programmes for these groups, such as sponsoring students' visit to the Shanghai Expo. Resources would be made available under the expenditure for the Shanghai Expo for such purposes. Interested members of the public could also visit the website of the Shanghai Expo to obtain information and/or view the displays in the exhibitions.

48. Mr LEUNG Kwok-hung expressed doubt about the benefits to the grassroot population and disadvantaged groups. He pointed out that as the majority of disadvantaged families hardly had means to access Internet services, and viewing information on the website would not be meaningful to them. He suggested that the Administration should consider television broadcasting of the exhibitions and related activities instead. PSCMA advised that details of the programme for disadvantaged groups would have to be worked out at a later stage. To facilitate public access to information through the Internet, the Administration planned to provide free cyber stations at different locations across the territory.

49. Mr WONG Ting-kwong opined that the structure of the HK Pavilion and the exhibits should be retained, as far as practicable, for future exhibition in Hong Kong so that members of the public could have the opportunity to view these items. PSCMA said that the Administration shared the view that the exhibition items should be retained for future viewing as far as practicable.

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

Items deferred

51. Due to insufficient time, the Chairman suggested and member agreed that the remaining items on the agenda (i.e. FCR(2008-09)9, 10, 11 and 6) be deferred to the meeting scheduled for 16 May 2008.

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

Legislative Council Secretariat

28 October 2008