

立法會
Legislative Council

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Finance Committee of the Legislative Council

**Minutes of the 14th meeting
held at the Legislative Council Chamber
on Friday, 8 May 2009, at 3:30 pm**

Members present:

Hon Emily LAU Wai-hing, JP (Chairman)
Prof Hon Patrick LAU Sau-shing, SBS, JP (Deputy Chairman)
Hon Albert HO Chun-yan
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Hon LEE Cheuk-yan
Dr Hon David LI Kwok-po, GBM, GBS, JP
Hon Fred LI Wah-ming, JP
Dr Hon Margaret NG
Hon James TO Kun-sun
Hon CHEUNG Man-kwong
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 LAU Kong-wah, JP
Hon LAU Wong-fat, GBM, GBS, JP
Hon Miriam LAU Kin-yea, GBS, JP
Hon Andrew CHENG Kar-foo
Hon TAM Yiu-chung, 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 WONG Kwok-hing, MH
Hon LEE Wing-tat
Dr Hon Joseph LEE Kok-long, JP

Hon Jeffrey LAM Kin-fung, SBS, JP
Hon Andrew LEUNG Kwan-yuen, SBS, JP
Hon LEUNG Kwok-hung
Hon CHEUNG Hok-ming, SBS, JP
Hon WONG Ting-kwong, BBS
Hon Ronny TONG Ka-wah, SC
Hon CHIM Pui-chung
Hon KAM Nai-wai, MH
Hon Cyd HO Sau-lan
Hon Starry LEE Wai-king
Dr Hon LAM Tai-fai, BBS, JP
Hon CHAN Hak-kan
Hon CHAN Kin-por, JP
Hon Tanya CHAN
Dr Hon Priscilla LEUNG Mei-fun
Dr Hon LEUNG Ka-lau
Hon CHEUNG Kwok-che
Hon WONG Sing-chi
Hon WONG Kwok-kin, BBS
Hon WONG Yuk-man
Hon IP Wai-ming, MH
Hon IP Kwok-him, GBS, JP
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
Dr Hon PAN Pey-chyou
Hon Paul TSE Wai-chun
Dr Hon Samson TAM Wai-ho, JP

Members absent:

Hon WONG Yung-kan, SBS, JP
Hon Timothy FOK Tsun-ting, GBS, JP
Hon Vincent FANG Kang, SBS, JP
Hon Alan LEONG Kah-kit, SC
Hon Paul CHAN Mo-po, MH, JP

Public officers attending:

Ms Julia LEUNG Fung-ye, JP	Acting Secretary for Financial Services and the Treasury
Mr Stanley YING, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Ms Bernadette LINN, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)1

Ms Elsie YUEN	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Mr Paul TANG Kwok-wai, JP	Permanent Secretary for Labour and Welfare
Mrs Cherry TSE LING Kit-ching, JP	Commissioner for Labour
Mr Stanley NG Ka-kwong, JP	Assistant Commissioner for Labour (Employment Services)
Mr Charles HUI Pak-kwan	Senior Labour Officer (Employment Services) (Operation), Labour Department
Mr Raymond HO Kam-biu	Senior Labour Officer (Internship Programme for University Graduates), Labour Department
Miss Margaret FONG, JP	Commissioner for Tourism
Mr Vincent FUNG	Assistant Commissioner for Tourism
Mr Paul CHENG Ching-wan	Principal Assistant Secretary (Security) B
Mr WONG Sai-chuen, FSMSM	Chief Fire Officer (Headquarters), Fire Services Department
Mr CHAN Wing-cheung	Senior Electrical and Mechanical Engineer, Fire Services Department
Mr LIU Tai-yiu	Acting Divisional Officer (Air), Fire Services Department
Mr LI Ying-ming	Airport and Vehicle Manager, Electrical and Mechanical Services Department
Mr NG Wai-keung	Senior Divisional Officer (ITMU), Fire Services Department
Mr WONG Wai-man	Electronics and Data Communication Manager, Electrical and Mechanical Services Department

Clerk in attendance:

Mrs Constance LI	Assistant Secretary General 1
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Staff in attendance:

Ms Anita SIT	Chief Council Secretary (1)4
Mr Simon CHEUNG	Senior Council Secretary (1)5
Ms Alice CHEUNG	Senior Legislative Assistant (1)1
Mr Frankie WOO	Legislative Assistant (1)2

Item No. 1 - FCR(2009-10)7

**RECOMMENDATIONS OF THE PUBLIC WORKS SUBCOMMITTEE
MADE ON 22 APRIL 2009**

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

Item No. 2 - FCR(2009-10)8

HEAD 90 – LABOUR DEPARTMENT

• **Subhead 700 General non-recurrent**

New item "Enhanced and integrated employment programmes"

2. Ms LI Fung-ying, Chairman of the Panel on Manpower, reported that the Panel discussed the Administration's proposal at the meeting on 19 March 2009. Panel members raised no objection to the proposal.

Number of training and job opportunities

3. Mr WONG Kwok-hing expressed support for the proposal. He noted that the 44 000 employment and training opportunities would be provided in a period of two years. Given the severity of the financial tsunami, he urged the Administration to provide these places within the first year as far as possible. He also sought clarification on the respective numbers of employment and training opportunities to be provided under the various employment programmes.

4. The Permanent Secretary for Labour and Welfare (PSLW) responded that while funding for the employment programmes was sought over two years, depending on the circumstances, the Administration could act flexibly and provide more employment and training opportunities in the first year if necessary. On the number of these opportunities, the Permanent Secretary for Financial Services and the Treasury (Treasury) explained that the revamped Youth Pre-employment Training Programme (YPTP) and the Youth Work Experience and Training Scheme (YWETS) were expected to provide training and employment opportunities to 35 000 young people. The Employment Programme for the Middle-aged (EPM) would cater for 8 000 job seekers, while the Work Orientation and Placement Scheme could serve about 800 disabled persons. These employment programmes taken together would provide a total of 43 800 training and employment places.

5. Mr LEE Cheuk-yan stated the position of the Hong Kong Confederation of Trade Unions that the employment programmes under the proposal were neither new nor effective in job creation. He considered that the training subsidy of \$2,000 for employers under the YPTP and YWETS was inadequate, and suggested increasing the

subsidy to \$4,000 so as to provide greater incentive for employers to offer more jobs under the schemes.

6. PSLW advised that the various employment programmes were part of the Administration's efforts in alleviating the unemployment problem amid the global financial crisis. He was confident that with enhancement and integration, these time-proven employment programmes would be effective in helping those out of job. The Commissioner for Labour (C for L) added that the Administration had grouped the four employment programmes under one funding commitment to allow flexibility for fund transfer among the employment programmes and across financial years to meet changing demands.

7. Mr WONG Sing-chi said that while Members belonging to the Democratic Party supported the Administration's proposal, he was dissatisfied that the Administration had inflated the number of jobs that would be created by taking into account the training opportunities of the YPTP and YWETS. He believed that the Administration should endeavour to provide 35 000 genuine jobs to address the unemployment problem.

8. C for L explained that creation of jobs was primarily driven by the market while training and employment were not unrelated. In fact, many YWETS trainees had been able to secure jobs after undergoing on-the-job training provided under the programme. She opined that YWETS was a useful springboard leading young people to formal employment.

9. Mr WONG Sing-chi said that the success of YPTP and YWETS depended very much on whether there were sufficient case managers to look after the anticipated increase of enrolments under the schemes. The Assistant Commissioner for Labour (Employment Services) (AC for L(ES)) advised that at present, there were about 800 case managers from non-governmental organizations (NGOs) rendering support to some 9 000 young people enrolled under YPTP and YWETS. As the number of places under the two schemes would be increased to about 17 000 a year, the Administration would meet with the NGOs concerned in May 2009 to discuss the deployment of case managers. Mr WONG Sing-chi urged the Labour Department to discuss with NGOs and ensure that the deployment would not affect the service of the NGOs in other areas.

10. Ms Starry LEE commented that although YPTP and YWETS were targeting at young people with educational attainments at sub-degree level and below, few sub-degree holders would join these programmes. She enquired whether it was possible to extend the Internship Programme for University Graduates to sub-degree holders to cater for their employment needs. C for L advised that while sub-degree programmes were first introduced in 2001-2002, about 3 000 sub-degree holders had participated in YWETS over the past few years. She assured members that the case managers would strive to provide services suitable for sub-degree holders under YWETS.

11. Ms Cyd HO asked about the details of the positions under YPTP and YWETS which would offer wages below \$5,000 for the 2008-2009 programme. C for L pointed out that the lowest wages offered under YWETS was \$4,000, and the highest ones were about \$9,000-\$10,000. The wage differential was due to the differences in duties, responsibilities and training contents of the positions. While 80% of the participants were able to receive monthly wages above \$5,000, those engaged in positions with substantial training elements such as apprentice chefs or trainee waitresses might receive lower wages.

12. Mr LEUNG Kwok-hung opined that the employment programmes were short of a clear goal and were merely cosmetics. He urged the Administration to quantify the benefits of the employment programmes in terms of the reduction in the unemployment rate. PSLW advised that the Administration's employment programmes were to provide specific training and employment services for those in need of more assistance rather than aiming at a particular % reduction in the unemployment rate. He pointed out that changes in the overall unemployment rate depended on the performance of the economy and a host of factors.

Employment Programme for the Middle-aged

13. Ms Cyd HO noted from the Administration's paper that due to the poor economic environment, an increasing number of well-educated and highly-skilled middle-aged people had enrolled in the EPM to compete for low-end jobs. She said that it might be more appropriate for the Administration to provide an employment insurance scheme or a special loan for this group to enable them to tide over this difficult time. C for L responded that EPM provided financial incentives to employers with a view to encouraging them to hire the unemployed middle-aged job seekers, and that the Programme targetted at anyone aged 40 or above who had been out of job for three months, regardless of their working experience and education attainment.

Employment support for ethnic minorities

14. Mr WONG Sing-chi said that although the Administration's employment programmes would not exclude job seekers of the ethnic minorities, there should be tailor-made measures to cater for the specific needs of these groups. C for L advised that as shown in the Administration's Supplementary Note on the proposal, a number of training courses under YPTP, including computer application training, office administration and customer service skill training, integrated hotel service training and hotel housekeeping, were provided in English by NGOs familiar with the needs of young job seekers of ethnic minority background.

15. Noting that only 1.1% of the placements under EPM involved ethnic minority job seekers, Mr LEE Cheuk-yan enquired about the exact number of these placements. He urged the Administration to step up efforts to locate "hidden"

unemployed ethnic minority individuals, and enhance publicity on the employment programmes by means of announcements of public interest on the television. He warned that due to widespread unemployment, there was a rising trend of crimes committed by ethnic minority youths in districts such as Tuen Mun. The Chairman shared her concerns and reminded the Administration that the United Nations would hold hearings on the International Convention on the Elimination of All Forms of Racial Discrimination in August 2009, and it was time for the Administration to critically review the relevant Government policies and measures.

16. C for L clarified that of all the job seekers placed under EPM, 66 or 1.1% of them were of ethnic minority background. This percentage was similar to the percentage (1.2%) of ethnic minorities out of all the job seekers registered for the employment services of the Labour Department (LD). To encourage their patronage of LD's employment programmes, the Administration had printed leaflets introducing its employment services in different languages. Special counters were available at LD's 12 Job Centres to provide services for ethnic minority job seekers. She welcomed members and NGOs to refer ethnic minority job seekers with employment difficulties to LD. AC for L (ES) supplemented that LD had sought the assistance of the four Regional Support Services Centres for Ethnic Minorities in promoting employment services. In addition, LD was consulting the concerned NGOs on measures to improve referral arrangements for ethnic minority job seekers.

17. Ms Cyd HO said that many ethnic minorities reflected to her that the LD staff manning the special counters for ethnic minorities had difficulties in communicating in English. Moreover, most of the vacancy display cards at LD's Job Centres were only in Chinese language, while some English information on these cards and on the LD website was not entirely accurate. She asked whether it was possible for LD to add ethnic minority languages such as Urdu to the vacancy search terminals in the Job Centres.

18. C for L responded that all civil servants were required to satisfy the English standards prescribed for their respective ranks. Members were welcome to bring to LD's attention if any ethnic minority job seekers encountered problems in communicating with LD staff. C for L advised that at present, the vacancy search terminals displayed information in both Chinese and English. She apologized for the errors, if any, in the vacancy display cards, and hoped that in future, such errors could be brought to the immediate attention of LD staff. She explained that due to limited space, it would be difficult to add further languages to the vacancy display cards. Nevertheless, LD would continue to explore ways to improve the service.

19. Mr LEUNG Yiu-chung considered that the employment support services for ethnic minorities were all along insufficient. He suggested that the Administration should adopt a "positive discrimination" approach to support ethnic minority job seekers, such as designing specific employment services for exclusive use of these job seekers, and disseminating employment-related information to them

in their mother tongues. Further, tailor-made training course and jobs and training opportunities should be arranged for job seekers of ethnic minorities.

20. Ms Starry LEE expressed concern that at this time of economic downturn, ethnic minority job seekers would have to face even greater hardship in seeking employment. She therefore urged the Administration to act proactively through leaders of ethnic minority groups in rendering assistance to ethnic minority job seekers. The Chairman advised that, with the enactment of the Racial Discrimination Ordinance (Cap. 602), the Administration should ensure that its funding proposals would also take care of the interests of ethnic minorities.

21. C for L assured members that there were programmes targeting at ethnic minorities in general, despite the fact that the employment services were provided for all citizens irrespective of ethnic background. As an example, she said that a local NGO had sought funds from LD and the Community Investment and Inclusion Fund to organize "S.A.Y. Harmony", which was a programme preparing young people of South-Asian origins to serve as English instructors for children from low-income families. Various measures supporting ethnic minority job seekers were also implemented, such as providing designated counters for non-Cantonese speakers and distributing employment leaflets printed in different languages to organizations serving the ethnic minorities. C for L added that ethnic minority job seekers came from relatively closed social groups. While the Administration was bringing in a series of measures to facilitate these job seekers, it would still be necessary for the ethnic minorities to open themselves up and integrate with the mainstream community.

22. Mr LEUNG Kwok-hung said that the employment support provided by the Administration for ethnic minorities was only nominal in response to the enactment of the Racial Discrimination Ordinance. He was disappointed that the Administration did not provide the unemployment rate of ethnic minorities. In response, C for L said that she would liaise with the Census and Statistics Department regarding the unemployment statistics of ethnic minorities.

(Post-meeting note: The response from the Census and Statistics Department was issued to members vide FC112/08-09 on 25 May 2009.)

23. Sharing his personal experience as a new immigrant of ethnic minority in two countries, Dr PAN Pey-chyou said that it was important for ethnic minorities to have access to employment-related information. The Administration should endeavour to eliminate discrimination from the policy angle, and provide an environment for everyone to compete fairly for their own goals. He did not agree to "positive discrimination", believing that it would have a labelling effect on ethnic minorities.

24. C for L advised that the Government policy was that everyone should be treated equally regardless of their ethnic origins. In the case of ethnic minority job

seekers enrolled under YPTP, YWETS and EPM, case managers familiar with the needs of ethnic minorities would be assigned to follow their cases and advise the prospective employers of their needs. She agreed with Dr PAN that employment assistance measures for ethnic minority job seekers should be carried out in a discreet way to avoid creating labelling effect.

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

Item No. 3 - FCR(2009-10)9

HEAD 90 – LABOUR DEPARTMENT

- **Subhead 700 General non-recurrent**

New Item "Internship Programme for University Graduates"

26. Ms LI Fung-ying, Chairman of the Panel on Manpower, reported that the Administration had briefed the Panel on the proposal on 19 March 2009. Some Panel members expressed concern that the \$4,000 minimum wage threshold was construed by the public as the "minimum wage" for university graduates, and urged the Administration to avoid causing this misunderstanding in promoting the internship programme. Panel members were also concerned that the interns might be labelled as "losers" in the job market and that some employers might abuse the programme and exploit the university graduates. These members urged that the programme must not be used for replacing existing staff with interns. The Administration had clarified to the Panel that the objective of this programme was to broaden the horizon of the graduates, and help them gain experience so as to enhance their employment prospects when the economy improved. The Administration had also assured the Panel that it would step up dialogue with concerned parties to clear the misunderstanding regarding the \$4,000 minimum wage threshold.

27. Mr WONG Yuk-man said that due to the onslaught of the financial tsunami, the unemployment problem was rapidly deteriorating. Referring to a visit to Taiwan by the League of Social Democrats (LSD) in April 2009, he said that the Taiwan authorities had embarked on a more ambitious workplace internship programme to assist their university graduates. He stated that LSD objected to the internship programme which in his view had denigrated university graduates by applying a "minimum wage" of \$4,000 to them. He also criticized the Administration for being tight-fisted with the unemployment relief measures under such economic situation. He opined that instead of implementing the proposed internship programme which was useless, the Administration and public organizations should take the initiative to create more jobs and employ more university graduates. Mr LEUNG Kwok-hung expressed similar views. He was disappointed that employers were not required to provide training for the interns under the internship programme. To ease the unemployment of young people, the Administration should

employ as many young people as possible, and refrain from outsourcing public services.

28. In response, PSLW advised that the objective of the programme was to provide an additional option for university graduates to acquire work experience. It was a special and time-limited measure offering internships in Hong Kong and on the Mainland for university graduates. Participating tertiary institutions (PTIs) would ensure that the internships would benefit the interns, and that the interns taking up internships in Hong Kong would be rewarded with wages commensurate with the duties, responsibilities and training contents of the posts. He hoped that at this particular difficult time of economic downturn, university graduates would treasure the opportunity to broaden their horizon and gain work experience so as to get better prepared for the revival of economy.

29. Mr LEE Cheuk-yan and Mr WONG Sing-chi opined that while university graduates were willing to undertake worthwhile and useful internships for low monetary returns, the setting of a monthly wage threshold at \$4,000 under the internship programme was unnecessary and had led to a public outcry. Miss Tanya CHAN urged the Administration to ensure that local interns would be offered fair wages commensurate with the internship places offered.

30. C for L advised that it was a misconception to treat the requirement for employers to pay wages of not less than \$4,000 as the application of a "minimum wage" to local internships. For local internships, the university graduates would receive internship training in their capacity as employees, and would be paid wages commensurate with the duties, responsibilities and training contents of the posts. Enterprises joining the programme would be required to draw up training plans, provide suitable training and appoint experienced employees to serve as mentors for the interns. Drawing from experiences of employment programmes run by LD, employers were willing to offer market wages to the participants. C for L further explained that while some university graduates might be willing to undertake internships for nominal monetary returns, the wage floor of \$4,000 in essence put in place a safety net of employee protection for the interns under the various labour-related ordinances.

31. While expressing support for the internship programme, Mr WONG Kwok-hing criticized the Administration for poor packaging which had caused the misunderstanding of the \$4,000 minimum wage threshold. He urged the Administration to step up publicity of the internship programme among university students and clear any misunderstanding among them. AC for L(ES) said that LD had held a total of 10 exchange sessions for some 700 university students. University students on the whole were supportive of the internship programme and some students had raised practical questions such as the linking of the internships with professional examinations. The Administration would fine-tune the implementation arrangements to cater for the needs of the university graduates as appropriate. Mr WONG Kwok-hing asked to put on record the Administration's undertaking to

strive to improve the internship programme to meet the needs and expectations of university graduates.

32. Ms Miriam LAU affirmed the Liberal Party's support for the Administration's proposal. She however pointed out that as most enterprises were struggling for survival amidst the economic downturn, they might not accord provision to the creation of internship places for graduates. She asked about the Administration's efforts in enlisting support from enterprises, and the future plan for the internship programme after 12 months. PSLW and C for L advised that the Administration had consulted major chambers of commerce and local enterprises on the viability of the internship programme and their feedback was encouraging. As for the arrangement beyond the planned implementation period of the internship programme, PSLW advised that this would hinge on the development of the economy and the job market and when the economy revived, more employment opportunities should come on stream. The Administration would monitor implementation of the internship programme and the job market closely.

33. In reply to Mr WONG Kwok-hing, PSLW said that LD would also provide job-matching and follow-up services for Hong Kong residents who had graduated from universities outside Hong Kong under the internship programme.

34. Ms Tanya CHAN enquired about the backgrounds of the Mainland enterprises providing internship places, and the support services provided for the young graduates undertaking internships on the Mainland, especially when they encountered difficulties. Mr WONG Sing-chi raised similar concerns. C for L advised that in vetting the internships of the Mainland enterprises, PTIs would take into account a host of factors, including support services provided by the participating Mainland enterprises for the interns. She added that universities from Hong Kong had built up highly effective networks on the Mainland, and had accumulated considerable experience in arranging internships for their students in Mainland enterprises. The internships would be provided in cities where PTIs had good contacts. Through regular telephone calls, emails and the established networks, PTIs would be able to maintain good contacts with the interns under their care, and attend to their needs whenever necessary. To support PTIs' provision of services under the internship programme, the Administration would provide an administrative fee to them. Furthermore, the Administration would take out a comprehensive insurance policy to insure the interns against the risks of personal accidents and public liabilities, etc. C for L added that in identifying Mainland internships, the Administration had received the support of the Hong Kong Chinese Enterprises Association and a number of Hong Kong-based enterprises operating on the Mainland.

35. In response to Mr WONG Sing-chi's concern about providing a safe working environment, C for L responded that LD and PTIs respectively would duly consider the work nature and environment before accepting the received internship offers. With rich experience in running internship programmes on the Mainland, PTIs would be able to attend effectively to the needs and safety of the interns.

36. Mr TAM Yiu-chung said that the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) had taken the lead to organise summer internship programmes in Hong Kong and on the Mainland for local university students for more than 10 years, and the feedback had been encouraging. He understood that following DAB's footsteps, local universities were organising similar internship programmes for their students. He believed that the internship programme would work out well now that such programme was well established and had funding support from the Government. He stated that Members belonging to DAB supported the Administration's proposal.

37. Mr Jeffrey LAM expressed support for the proposal and said that enterprises were living up to their social responsibility in providing internships. The Hong Kong General Chamber of Commerce (HKGCC) and the Federation of Hong Kong Industries had appealed to their members to support the internship programme, and the response was positive. Most enterprises were prepared to offer wages above \$4,000, and HKGCC proposed that interns with good performance should be offered formal employment within the first six months at a monthly wage of not less than \$8,000, so that more internship places could be released for other graduates during the 12-month period.

38. Ms Cyd HO opined that there should be two guiding principles for the internship programme, i.e. the interns should not be used to replace the existing staff, and that the internships should contain strong training contents. In addition to the evaluation questionnaire, she believed that site inspection should be conducted to ascertain whether the internships were properly run. She hoped that consideration could be given to increasing the number of internships on the Mainland and in other countries, and collaborating with poverty-alleviating agencies and other international bodies such as the Medecins Sans Frontieres to provide internships in third-world countries.

39. C for L responded that at the present stage, the Administration had no plan to extend the internship programme to places outside Hong Kong and the Mainland, nor to increase the number of Mainland internships beyond 1 000. As stated in the FC paper, participating enterprises would be required to formulate training plans, provide interns with suitable training and undertake not to use interns to replace existing employees. LD and PTIs would maintain close liaison and follow up with the interns on the progress of the internships arranged.

40. Mr LEUNG Yiu-chung asked whether the internship programme could be revised to include sub-degree and diploma holders, as these graduates were also in need of employment support. PSLW explained that those with educational attainments at sub-degree level or below were being looked after by the existing employment programmes. Sub-degree and diploma holders could also attend courses provided by the Employees Retraining Board. As a special and time-limited

measure, the internship programme was implemented to render assistance to the university graduates at this difficult time of economic downturn.

41. The Chairman put the item to vote. Mr WONG Sing-chi stated that Members belonging to the Democratic Party would abstain from voting on the proposal. The Committee approved the proposal.

Item No. 4- FCR(2009-10)10

HEAD 152 – GOVERNMENT SECRETARIAT: COMMERCE AND ECONOMIC DEVELOPMENT BUREAU (COMMERCE, INDUSTRY AND TOURISM BRANCH)

• Subhead 700 General Non-recurrent New Item "Mega Events Fund"

42. Mr Jeffrey LAM, Chairman of the Panel on Economic Development, reported that the Panel was briefed on the proposal on 30 March 2009. Panel members in general supported the proposal, and considered it necessary for a set of open and objective criteria to be drawn up to assess the applications, and an effective mechanism be put in place to monitor implementation of the funded events. Panel members also considered that there should be effective performance indicators to evaluate the costs-benefits of the funded events. The Administration had assured the Panel that public moneys would be prudently disbursed and administered, and that the Mega Events Fund would not be used to support current ongoing events.

Funding and monitoring arrangements

43. Mr LEE Cheuk-yan said that the Hong Kong Confederation of Trade Unions objected to the proposal given the fiasco of the Hong Kong Harbour Fest (HKHF). He was concerned that in the absence of an effective monitoring mechanism and a strong sense of commitment of the event organizers, funded mega events might again end up as failures. He believed that the provision of \$100 million for the Mega Events Fund could be put to other more worthwhile uses such as relieving poverty and creating employment opportunities.

44. The Commissioner for Tourism (C for Tourism) advised that the Administration would prudently deploy the \$100 million Mega Events Fund for the greatest economic benefits. The Administration had learnt from the experience of the HKHF and brought in stringent control measures for the Mega Events Fund. Applications for the Mega Events Fund would be assessed based on specified criteria and procedures by an Assessment Committee (AC) to be appointed by the Secretary for Commerce and Economic Development. Organizers of the selected events would be required to meet part of the project costs. For effective monitoring of the event implementation, members of the AC might participate in progress review and meetings of the approved events, and conduct visits to the venues of the events

wherever necessary. Event organizers would be required to submit progress reports in respect of prescribed deliverables, key milestones or targets for performance evaluation. They would also be required to maintain proper books of accounts and relevant financial records of the funded events for inspection as and when necessary. Instead of providing event organizers with one-off allocations, the Controlling Officer reserved the right not to disburse the outstanding funds to an event organizer if the event fell short of the agreed deliverables. On completion of the event, the event organizer would be required to submit audited financial statements and an evaluation report to the AC and the Controlling Officer.

45. Mr WONG Kwok-hing expressed support for the proposal. He noted that the Controlling Officer had the right to withhold or refuse payment of outstanding funds to event organizers if the event did not live up to committed standards or deliverables. He urged the Administration to be vigilant in enforcing this control measure.

46. Mr Albert HO said that the Administration should avoid repeating the mistakes of the HKHF in that nobody was held accountable for the poor co-ordination and waste of public money. He considered it necessary to draw up a clear line of accountability, and an accountability official at the rank of Bureau Secretary or Under Secretary should assume full responsibility for the Mega Events Fund. He also suggested that the Administration's contribution for each mega event should be limited to 50% of the net costs.

47. C for Tourism advised that while the Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) would assume the role as the Controlling Officer of the Mega Events Fund, the Secretary for Commerce and Economic Development, a Principal Official, would be accountable for the outcome of the Mega Events Fund. She affirmed that the Government's funding support for each event would not exceed 50% of the total cost of each event. Mr Albert HO thanked C for Tourism for her positive response to his suggestions and requested to put on record the Administration's undertakings in this respect.

48. Miss Tanya CHAN agreed with Mr Albert HO's suggestion. She also asked about the payment arrangements and criteria. C for Tourism reported that the disbursement of the approved funds would be based on the key milestones and deliverables agreed between both sides.

Creation of jobs

49. Mr WONG Kwok-hing enquired about the basis of the Administration's projection that some 2 800 jobs would be created in the next three years. C for Tourism responded that the projection was based on the experience gained from previous mega events. A large-scale event such as the Rugby Sevens could lead to creation of roughly 800 to 900 jobs, while an event of smaller scale such as the Hong Kong International Dragon Boat Races would create about 130 jobs.

Promotion of local events

50. Ms Miriam LAU said that Members belonging to the Liberal Party supported the proposal as the holding of mega events would promote local economy, reinforce Hong Kong's position as the events capital of Asia and raise the profile of Hong Kong internationally. She suggested that in addition to holding more international events in Hong Kong, some well-known local events such as the annual Bun Festival on Cheung Chau Island should also be supported by the Mega Events Fund, so that they could be upgraded to become ones with international standing.

51. C for Tourism advised that the Mega Events Fund welcomed applications from organizers seeking to upgrade well-known local events to ones with international standing so as to attract more tourists to come to visit Hong Kong. She foresaw that with the support of the Fund, international teams could be invited to participate in the local events like the Bun Festival.

Support for event organizers

52. Miss Tanya CHAN enquired about the support that the Tourism Commission would provide for the event organizers of the selected mega events. Ms Miriam LAU considered that the Administration should simplify the application procedures, and render all possible assistance to the applicants to facilitate the holding of the events in public areas.

53. C for Tourism responded that a secretariat manned by a team of officers within the Tourism Commission would be set up to assist the event organizers with their applications for staging the events in public venues. The Fund secretariat would consult relevant departments on the background and track records of the applicants, and work alongside with Transport Department, Leisure and Cultural Services Department and other departments to facilitate the planning and implementation of the events.

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

Item No. 5 - FCR(2009-10)11

HEAD 45 – FIRE SERVICES DEPARTMENT

• Subhead 603 Plant, vehicles and equipment

New Item "One replacement rapid intervention vehicle R41"

New Item "Three replacement turntable ladders F135, F136 and F137"

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

Item No. 6 - FCR(2009-10)12

**CAPITAL WORKS RESERVE FUND
HEAD 708 – CAPITAL SUBVENTIONS AND MAJOR SYSTEMS AND
EQUIPMENT**

Fire Services Department

- **New Subhead "Replacement of Radio Communications System of the Fire Services Department"**

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

57. The meeting was adjourned at 5:45 pm.

Legislative Council Secretariat
7 September 2009