

立法會
Legislative Council

LC Paper No. FC19/09-10
(These minutes have been seen
by the Administration)

Ref : CB1/F/1/2

Finance Committee of the Legislative Council

**Minutes of the 19th meeting
held at the Legislative Council Chamber
on Friday, 19 June 2009, at 5:05 pm**

Members present:

Hon Emily LAU Wai-hing, JP (Chairman)
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Hon LEE Cheuk-yan
Hon James TO Kun-sun
Hon CHEUNG Man-kwong
Hon CHAN Kam-lam, SBS, JP
Hon LEUNG Yiu-chung
Hon WONG Yung-kan, SBS, JP
Hon LAU Kong-wah, JP
Hon Miriam LAU Kin-yea, GBS, JP
Hon Andrew CHENG Kar-foo
Hon TAM Yiu-chung, GBS, JP
Hon LI Fung-ying, BBS, 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
Dr Hon Joseph LEE Kok-long, JP
Hon Andrew LEUNG Kwan-yuen, SBS, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Hon CHEUNG Hok-ming, SBS, JP
Hon WONG Ting-kwong, BBS
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 Paul CHAN Mo-po, MH, JP
Hon CHAN Kin-por, JP
Hon Tanya CHAN
Dr Hon Priscilla LEUNG Mei-fun
Hon WONG Yuk-man
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

Members absent:

Prof Hon Patrick LAU Sau-shing, SBS, JP (Deputy Chairman)
Hon Albert HO Chun-yan
Dr Hon David LI Kwok-po, GBM, GBS, JP
Hon Fred LI Wah-ming, JP
Dr Hon Margaret NG
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP
Dr Hon Philip WONG Yu-hong, GBS
Hon LAU Wong-fat, GBM, GBS, JP
Hon Timothy FOK Tsun-ting, GBS, JP
Hon Abraham SHEK Lai-him, SBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon Vincent FANG Kang, SBS, JP
Hon LEE Wing-tat
Hon Jeffrey LAM Kin-fung, SBS, JP
Hon Ronny TONG Ka-wah, SC
Hon CHIM Pui-chung
Dr Hon LEUNG Ka-lau
Hon CHEUNG Kwok-che
Hon WONG Sing-chi
Hon WONG Kwok-kin, BBS
Hon IP Wai-ming, MH
Dr Hon Samson TAM Wai-ho, 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)
Dr York Y N CHOW, SBS, JP	Secretary for Food and Health
Ms Sandra LEE, JP	Permanent Secretary for Food and Health (Health)
Dr P Y LAM, JP	Director of Health
Dr Thomas TSANG, JP	Controller, Centre for Health Protection
Dr P Y LEUNG	Director (Quality and Safety), Hospital Authority
Mr Eddy CHAN Yuk-tak, JP	Commissioner for Innovation and Technology
Mr Andrew LAI Chi-wah	Deputy Commissioner for Innovation and Technology
Mr Davey CHUNG Pui-hong	Assistant Commissioner for Innovation and Technology
Dr YANG Ying	Acting Chief Executive Officer, The Hong Kong Automotive Parts and Accessory Systems Research and Development Centre
Mr Haider BARMA, GBS, CBE, JP	Chief Executive Officer, The Hong Kong Research Institute of Textiles and Apparel
Dr Nim CHEUNG	Chief Executive Officer, Hong Kong Applied Science and Technology Research Institute
Professor C J TAN	Chief Executive Officer, Hong Kong Research and Development Centre for Logistics and Supply Chain Management Enabling Technologies
Professor NG Ka-ming	Chief Executive Officer, Nano and Advanced Materials Institute
Ms Carol YIP, JP	Deputy Secretary for Labour and Welfare (Welfare) ²
Mr FUNG Pak-yan	Deputy Director of Social Welfare (Administration)
Mr NG Wai-kuen	Chief Social Security Officer (Social Security) ¹ , Social Welfare Department
Ms Annette LEE, JP	Deputy Secretary for Transport and Housing (Housing)
Mr Tony LIU	Chief Manager/Management (Support Services) ² , Housing Department
Ms Esther LEUNG, JP	Deputy Secretary for Education (6)
Ms Teresa CHEUNG	Deputy Controller (2), Student Financial Assistance Agency
Mr Desmond WONG	Deputy Controller (3), Student Financial Assistance Agency
Mr Kenneth CHEN Wei-on, JP	Under Secretary for Education

Mr Daniel CHENG	Principal Assistant Secretary for Education (Further Education)
Professor CHANG Chung-nan	President, Chu Hai College of Higher Education
Professor KONG Yau-pak	Vice-President (Academic), Chu Hai College of Higher Education
Mr Paul CHU	Head of Department of Architecture, Chu Hai College of Higher Education
Professor K F CHENG	College Principal, HKU SPACE
Mr S M LI	Director of Accommodation and Facilities, HKU SPACE
Mr Stanley CHOW	Senior Building and Facilities Manager, HKU SPACE
Dr CHAN Cheuk-hay	President and Principal, Hong Kong College of Technology
Ms Nicole LO	Head of Department of Facilities Management, Hong Kong College of Technology
Mr WONG Sau-kin	Principal, Architecture Design and Research Group Ltd.

Clerk in attendance:

Mrs Constance LI	Assistant Secretary General 1
------------------	-------------------------------

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

Action

Item No. 1 - FCR(2009-10)29

HEAD 37 – DEPARTMENT OF HEALTH

• **Subhead 700 General non-recurrent**

New Item "Human Swine Influenza Vaccination"

New Item "Pneumococcal and Seasonal Influenza Vaccination"

The Committee continued discussion of the item which was carried over from the previous meeting adjourned at 5:00 pm.

2. Mr WONG Yuk-man said that it was inappropriate for the Administration to combine the two vaccination programmes in a single funding proposal. While Members belonging to the League of Social Democrats (LSD) were prepared to support the provision of pneumococcal and seasonal influenza vaccines for senior citizens, they had serious reservations on the proposal to procure human swine influenza (HSI) vaccines with an amount of \$700 million. He considered that the Administration had over-reacted to the HSI outbreak leading to the closure of a hotel for a week. In the absence of adequate scientific evidence in respect of HSI and HSI vaccines, the Administration should refrain from ordering a large quantity of the vaccines for harsh and unreasonable terms given by vaccine manufacturers, such as the requirement to place a "non-refundable" deposit. He opined that the Administration should withdraw the funding proposal and re-submit a fresh proposal when there was a clearer understanding of HSI.

3. The Secretary for Food and Health (SFH) advised that the Administration aimed at providing adequate protection for the identified target groups against the spread of HSI in the coming winter. For senior citizens group aged 65 and above, it would be desirable to vaccinate them against pneumococcal and seasonal influenza alongside HSI, since evidences showed these vaccines would complement the HSI vaccines in reducing death and hospitalisation amongst elderly people infected with seasonal flu and pneumococcal. He informed members that as a highly contagious virus, HSI had led to 172 deaths in different countries. The Administration therefore had to take adequate timely precaution to protect the high-risk citizens against HSI.

4. Mr LEUNG Yiu-chung criticized the Administration for taking a "crude and all-inclusive" approach towards HSI. He cited the bitter experience of using excessive dosage of steroid during the SARS attack in 2003 and warned that it was necessary for the Administration to ascertain the side-effects of the HSI vaccines before embarking on large scale procurement. Given the relative mildness of HSI, the Administration still had time to carry out detailed research and analysis in this regard. Instead of acquiring a large quantity of HSI vaccines in one go, he suggested that the Administration should act cautiously and adopt a "step by step" approach.

5. SFH responded that the Administration had carefully considered latest available scientific evidence and experiences of overseas countries before arriving at the present proposal. He disagreed that the proposal was "crude and all-inclusive", since it had identified target groups of high-risk citizens who were particularly vulnerable to HSI. The Director of Health (D of Health) advised that to ensure the quality of the vaccines, the Administration would lay down in the tender documents the required clinical effects, addition of adjuvant and eventual approval by regulatory authorities of the United States or the European Union. As for the side effects of HSI vaccination, he believed that the side effects would be similar to those of other influenza vaccines, while the chance of the side effect relating to the Guillain-Barre Syndrome (GBS) would be slim. Clinical literature showed that the incidence rate would be one GBS case per every one million vaccinations. Given that the death rate of HSI was one in 1 000 cases, the Administration accepted the view of the Scientific

Committees that the benefits of HSI vaccination would significantly outweigh its risks.

6. Considering there were uncertainties regarding the supply and side-effects of the HSI vaccines, Ms Starry LEE suggested that the Administration should communicate with other countries, the Mainland authorities and the World Health Organisation (WHO) in order to obtain a clearer picture of the spread of HSI, the side-effects of the vaccines and the approaches adopted by different governments. She queried the need to procure a large quantity of vaccines at this stage and pointed out that past figures suggested that only 30% of the population would be willing to receive influenza vaccines. She hoped that the Administration could act flexibly and judiciously in negotiating with vaccine manufacturers.

7. SFH advised that the Administration had been in close liaison with WHO, influenza experts and scholars in the field and also vaccine manufacturers. While different countries might adopt different approaches and strategies in coping with the HSI, Hong Kong's response was based on a wide public health perspective focusing on the high-risk persons. Five million doses of HSI vaccine would be required to ensure that the vaccines would be available for everyone having the need to receive the vaccines. Since time was running out, it was necessary to place order for the HSI vaccines urgently.

8. Ms Audrey EU enquired about the timetable of the Administration's vaccination programme. Her understanding was that while the Administration aimed to vaccinate the target group in October or November 2009, it would be around the end of 2009 when the HSI vaccines would have obtained the approval from the regulatory authorities. As past experiences showed that only 30% of the population were willing to receive vaccination, she considered it unrealistic to assume all those in the target group would turn up for HSI vaccination. It was therefore unwise to place an order for five million doses of HSI vaccine.

9. Regarding the vaccination timetable, D of Health advised that the Administration's plan was for those belonging to certain target groups such as the elderly to receive a total of four doses of vaccines. For example, they would first receive two doses of the pneumococcal and seasonal influenza vaccines in October/November 2009 before receiving the two doses of HSI vaccine at the end of the year. By then, the HSI vaccines would have been approved by the regulatory authorities. The Administration would follow the usual open tender procedures in procuring the HSI vaccines and would negotiate with the vaccine manufacturers on the terms and conditions of the procurement. Ms Audrey EU urged the Administration to state clearly in the tender documents that the HSI vaccines must have obtained the necessary approval. The tender document should also allow for adjustment to be made to the volume of HSI vaccines to be supplied.

10. Mr LEUNG Kwok-hung expressed concern that there were a lot of uncertainties with regard to the procurement arrangements and effects of HSI vaccines.

He was also worried that the HSI vaccines might lose its clinical effects due to mutation of the virus. As Tamiflu was an effective medicine for treating HSI and given the relative mildness of HSI, he believed that the Administration should await further developments instead of going for a large quantity of the vaccines in a rush. He said that the Administration should consider withdrawing the funding proposal.

11. SFH and the Permanent Secretary for Food and Health (Health) (PS(Health)) responded that the procurement would follow the open tender procedures which were fair, open and transparent. Tendering arrangements could start after the Finance Committee (FC) had approved the proposal. The Administration would normally allow two to three weeks for interested vaccine manufacturers to prepare their bids. The HSI vaccines should be available for use at the end of 2009 for meeting the peak season of influenza. To ensure the quality of the vaccines, provisions specifying clinical requirements and chemical contents would be included in the tender documents. While the Administration would strive to attain the greatest possible flexibility in the quantity of HSI vaccines to be procured eventually, whether this could be achieved would depend largely on the response of vaccine manufacturers. In the past, the Administration was usually able to secure a variation of +/- 20% to 30% in quantity in the supply contracts for influenza vaccines.

12. Noting that the Administration would hold separate tenders for the two vaccines, Mr Albert CHAN criticized the current arrangement of combining the procurement of HSI vaccines and pneumococcal and seasonal influenza vaccines in a single funding proposal as irrational. Since there were still a great deal of uncertainties about the HSI and the HSI vaccines, he considered that it would be irresponsible for the Administration to start procuring such vaccines without awaiting more clinical evidence. He urged for separate voting on the procurement of the HSI vaccines and the procurement of pneumococcal and seasonal influenza vaccines.

13. PS(Health) responded that there was time constraint for the procurement of the vaccines. While the Administration had good experience with the tender for pneumococcal and seasonal influenza vaccines, the tender documents for the HSI vaccines would be more complicated and need more time to prepare. If a timely decision to procure the vaccines was not taken, the Administration might not be able to ensure adequate vaccine supply at the end of the year which would likely be the peak season of HSI. Mr Albert CHAN maintained the view that in the absence of adequate scientific evidence, allocation of \$700 million for the HSI vaccines would be risky.

14. The Chairman asked whether the Administration would consider deferring the funding proposal until there was clear evidence on the side-effects of the HSI vaccines and after the HSI vaccines had obtained approval from relevant drug regulatory authorities.

15. SFH explained that the technology for producing the HSI vaccines was the same as those for other influenza vaccines, and the antigen against the virus was

produced by means of injecting the virus strain into the egg. As the technology was simple, he was confident that the HSI vaccines would be able to pass the assessment of the drug regulatory authorities. In view of the rapid spread of HSI, the Administration could not afford to wait until the vaccine manufacturers had obtained the regulatory approval for the vaccines. The Permanent Secretary for Financial Services and the Treasury (Treasury) added that with FC's approval of the financial commitment, the Administration could then start drawing up details for the tender and in doing so would duly consider the concerns raised.

16. Dr PAN Pey-chyou said that while he fully appreciated the difficulties and constraints the Administration was facing in procuring the HSI vaccines, he was not comfortable about the possible correlation between HSI vaccination and GBS. He expressed concern about paragraph 7 of the Administration's paper which indicated that during the swine flu outbreak at Fort Dix in 1976, the incidence rate of GBS could be ten times as high, i.e. one GBS case per a hundred thousand vaccinations. He considered that the information provided by the Administration in this respect was insufficient to facilitate members to make a sensible decision. He asked whether the Administration could gather more information through active exchanges with experts and governments of other countries.

17. The Controller, Centre for Health Protection explained that HSI was a new virus and it was difficult to have complete data about the virus. The Scientific Committees already had lengthy deliberations on the target groups for vaccination against HSI in the light of the latest available scientific information and data. There was general consensus world-wide on the high-risk groups such as small children, old people and those with pre-existing medical conditions, since these people would be particularly vulnerable to severe HIS infection. As regards discussions with other governments on the quantity of HSI vaccines they ordered, he said that some countries were not willing to disclose details.

18. Mr WONG Yuk-man expressed grave concern about the way the Administration put forward the funding proposal. He re-iterated that Members from LSD felt strongly that the proposal should be split into two and voted on separately. He queried the source of information referred to in paragraph 10 of the Administration's paper that a large number of countries were taking steps to secure and stockpile HSI vaccines. He considered that the Administration was going to take out an insurance policy at an excessively high premium while the effects of the protection were yet unknown. He urged the Administration to withdraw the HSI vaccine proposal, and re-submit it when more scientific evidence was available.

19. SFH advised that it would take months to have the HSI vaccines delivered and it was necessary to place order at an early stage. In view of time constraints and the likely competition from other countries, he requested members to support the present proposal.

20. Ms Audrey EU enquired whether FC could decide to vote separately on the proposal to procure HSI vaccines and that for the pneumococcal and seasonal influenza vaccines. If not, she would ask the Administration to undertake that the tender documents would contain terms to provide flexibility on the quantity of HSI vaccines to be procured and to ensure the quality of the vaccines supplied. She requested the Administration to provide the details of the tender documents to the Panel on Health Services (HS Panel) for discussion.

21. The Clerk advised that paragraph 27 of the FC Procedures provided that "under section 8 of the Public Finance Ordinance, members cannot amend the Financial Secretary's proposal. The Committee must discuss and vote on any proposal as it stands. If the Committee does not approve the proposal, it would then be for the Financial Secretary to consider whether to make a fresh proposal amended in such a way as may make it acceptable to the Committee."

22. PS(Health) assured members that the Administration would act judiciously to ensure that the tender documents would include terms to address Ms EU's concerns. The Administration would provide information about the tender terms for the procurement of HSI vaccines to the HS Panel as soon as possible.

(Post-meeting note: The Administration briefed the HS Panel on the key conditions of the tender for the procurement of the HSI vaccines on 13 July 2009.)

23. The Chairman put the item to vote. The Committee approved the proposal. A total of 30 members cast votes of which 25 members voted for the proposal, four against it and one abstained from voting. Voting results in respect of individual members were as follows --

For:

Ir Dr Raymond HO Chung-tai
Mr CHEUNG Man-kwong
Mr WONG Yung-kan
Ms Miriam LAU Kin-yee
Mr TAM Yiu-chung
Ms Audrey EU Yuet-mee
Dr Joseph LEE Kok-long
Mr WONG Ting-kwong
Ms Cyd HO Sau-lan
Mr CHAN Hak-kan
Miss Tanya CHAN
Mr IP Kwok-him
Dr PAN Pey-chyou
(25 members)

Mr James TO Kun-sun
Mr CHAN Kam-lam
Mr LAU Kong-wah
Mr Andrew CHENG Kar-foo
Mr Frederick FUNG Kin-kee
Mr WONG Kwok-hing
Mr CHEUNG Hok-ming
Mr KAM Nai-wai
Dr LAM Tai-fai
Mr Paul CHAN Mo-po
Dr Priscilla LEUNG Mei-fun
Mrs Regina IP LAU Suk-yee

Against:

Mr LEUNG Yiu-chung
Mr LEUNG Kwok-hung
(4 members)

Mr Albert CHAN Wai-yip
Mr WONG Yuk-man

Abstention:

Mr Paul TSE Wai-chun
(1 member)

Item No. 5 - FCR(2009-10)27

**INNOVATION AND TECHNOLOGY FUND
HEAD 111 – INNOVATION AND TECHNOLOGY**

- **Subhead 104 Establishment of Research and Development Centre for Nanotechnology and Advanced Materials**
- **Subhead 105 Establishment of Research and Development Centre for Textile and Clothing**
- **Subhead 106 Establishment of Research and Development Centre for Automotive Parts and Accessory Systems**
- **Subhead 107 Establishment of Research and Development Centre for Logistics and Supply Chain Management Enabling Technologies**

24. Mr WONG Ting-kwong, Deputy Chairman of the Panel on Commerce and Industry, reported that the Administration briefed the Panel on the funding proposal on 19 May 2009. The Panel supported the proposal in principle, which would allow the Research and Development (R&D) Centres to continue to operate up to 2013-2014. In view of the current economic situation, the Panel agreed that the target for the R&D Centres to solicit industry contributions should be adjusted from 40% to 15%. Nevertheless, some Panel members considered it necessary for the R&D Centres to solicit more contributions from the concerned industries for collaborative R&D projects. There were also concerns about the corporate governance of the R&D Centres, in particular their high operating costs. To monitor the cost-effectiveness of these centres, some Panel members urged the Administration to work out a benchmark ratio of the R&D expenditure to the operating costs.

25. Mr WONG Ting-kwong further said that personally he considered that Hong Kong's R&D expenditure was on the low side as compared to its Gross Domestic Product, and the Administration should increase investment in R&D to sustain economic development. It was also important for the Administration to train up adequate number of qualified persons for the various R&D fields, and facilitate a swift and efficient technology transfer of the research results to the industry. Furthermore, the Administration should step up publicity to promote public knowledge of the work of the R&D centres.

26. The Commissioner for Innovation and Technology (CIT) advised that in order to enhance the institutional framework of the R&D Centres and bring in measures to achieve greater cost effectiveness in terms of their operation, a review would be carried out in 2010. As for the provision of a benchmark ratio between R&D expenditure and operating costs, given the substantial differences between the R&D Centres and the nature of their research programmes, it would be very difficult to draw up a universal benchmark ratio. Furthermore, he informed members that a substantial part of the operating costs were actually salaries of the research staff of the R&D Centres.

27. Mr WONG Kwok-hing expressed support for the proposal. He enquired about the number of jobs that would be created and the actual contributions of the R&D Centres to the economy.

28. CIT responded that the R&D Centres were employing about 600 staff for a wide spectrum of R&D programmes, and would recruit fresh graduates to serve as interns. A consultant had been engaged to conduct a study to analyse the economic impact generated from R&D work in Hong Kong. The study was expected to be completed by the end of 2009. He pointed out that while the study might help draw up some performance benchmarks for the R&D Centres, it should be noted that at present there were no internationally accepted methodologies to quantify the economic and social impacts of R&D investment.

29. Ms Miriam LAU referred to enclosure 6 of the Administration's paper and said that while she was aware of the importance of radio frequency identification (RFID) in the future development of logistics and supply chain management, she was eager to know whether there were other research programmes that could benefit the logistics sector. Besides, since RFID was a new technology, it might not be widely used by small enterprises due to the huge costs involved. In this connection, she criticised the Hong Kong R&D Centre for Logistics and Supply Chain Management Enabling Technologies (LSCM) for failing to reach out to the frontline operators in promoting affordable use of RFID. She also suggested that the Centre should enhance its communication with the two project groups on cyber and IT infrastructure development and on support for small and medium enterprises (SMEs) under the Hong Kong Logistics Development Council, so as to gain a better understanding of the needs of the logistics sector, and work out feasible ways to extend affordable RFID technologies to SMEs. The Chairman expressed similar concerns.

30. Professor C J TAN of LSCM advised that RFID was a new technology with substantial impact on the development of logistics and supply chain management in different sectors. Aiming to become the focal point to combine Government resources, industry support and university researchers to create the greatest value for supply chain management and logistic industries, the Centre had gone through extensive consultation with the industry and major stakeholders on the development of RFID to understand their needs. To encourage wider application of RFID by SMEs in different sectors, CIT assured members that LSCM would endeavour to undertake

further research with a view to reducing the costs of RFID technologies, and would step up liaison with the Hong Kong Logistics Development Council to further enhance the Centre's collaboration with the logistics sector.

(Post-meeting note: Subsequent to the meeting, the Administration has advised that LSCM met with members of the Hong Kong Logistics Development Council on 5 August 2009.)

31. Mrs Regina IP expressed support for the proposal. Noting that the R&D Centres had been in operation for more than three years, she asked about the pace of commercialization activities of these Centres and the number of R&D programmes ready for technology transfer.

32. CIT advised that the R&D Centres had launched over 300 applied R&D projects in the past two years, and about half of them were near completion. Most of the near-completion projects were launched by the Hong Kong Applied Science and Technology Research Institute (ASTRI) which had a longer history. Most research programmes of the other R&D Centres were in the early stage of development. Dr Nim CHEUNG of ASTRI advised that in the past three years, ASTRI had arranged technology transfer of 185 R&D results to the industry, of which 110 and 34 respectively were meant for Hong Kong and Mainland enterprises, whereas 41 items were for enterprises in other places such as Taiwan and the United States. In the past year, ASTRI had been able to obtain about \$40 million from the industry as contributions for their R&D projects. As for actual economic benefits, Dr CHEUNG said that commercial products stemming out of the R&D results are widely available for sale in the market place included set-top boxes for television and Magnetic Resonance Imaging (MRI) equipment. It was noteworthy that ASTRI had provided technological support for Hong Kong to migrate from analogue broadcasting to digital broadcasting in 2008.

33. Ms Cyd HO queried the statement in paragraph 4 of enclosure 4 to the Administration's paper which indicated that for the period ending December 2007, the gross value of domestic export for the Hong Kong Textile and Clothing industry stood at \$42.5 billion or 39% of the total domestic export. Given that most garment factories had been relocated to the Mainland, Ms HO doubted whether the exports from these Mainland-based factories should still be counted as exports from Hong Kong. She asked whether there was information to show how far these textile exports, amounting to \$42.5 billion per annum, had actually benefitted Hong Kong's economy and workers. Ms HO also expressed disappointment with the progress of the R&D work since most items were similar to those undertaken 10 or 15 years ago. She expressed doubt about the applicability of the Imaging Colour Measurement System for Textile and Garment Industry.

34. CIT said that although most textile and garment factories had been moved to the Mainland, products manufactured by these Hong Kong enterprises in Pearl River Delta were still counted towards Hong Kong's exports. He said that it was

difficult to ascertain the amount of economic benefits from the Hong Kong enterprises in Pearl River Delta channelled to Hong Kong's economy and to quantify the correlation between R&D investments and economic benefits. He re-iterated that there were no internationally accepted methodologies to assess the economic and social impacts of R&D work. Nonetheless, the Administration had commissioned a study on ways to analyze the economic benefits generated from R&D work in Hong Kong. Results of the study would be available at the end of 2009. Even so, he pointed out that the study might not be able to establish precisely how the R&D work had actually benefitted Hong Kong as a whole. Mr Haider BARMA of Hong Kong Research Institute of Textiles and Apparel advised that the Imaging Colour Measurement System, which had won a golden award in a recent exhibition held in the Mainland, enabled merchandisers to obtain the accurate spectral colour of textile samples with single- and multi-colour patterns, yarn dye fabric, printing over the computer. The computerized system was expected to have sound market potential.

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

Item No. 6 - FCR(2009-10)26

HEAD 170 – SOCIAL WELFARE DEPARTMENT

- **Subhead 179 Comprehensive social security assistance scheme**
- **Subhead 180 Social security allowance scheme**

HEAD 62 – HOUSING DEPARTMENT

- **Subhead 700 General non-recurrent**
- New Item "Special rent payment for public housing tenants"**

HEAD 173 – STUDENT FINANCIAL ASSISTANCE AGENCY

- **Subhead 700 General non-recurrent**
- New Item "One-off support grant for needy students in the 2009/10 school year"**

LOAN FUND

HEAD 254 – LOANS TO STUDENTS

- **Subhead 101 Students of the universities, the Hong Kong Institute of Vocational Education, Prince Philip Dental Hospital, Hong Kong Institute of Education and Hong Kong Academy for Performing Arts**
- **Subhead 102 Non-means-tested loan scheme**
- **Subhead 103 Means-tested loan for post-secondary students**

36. Mr WONG Kwok-hing said that Members from the Hong Kong Federation of Trade Unions supported the proposal. He commended the Administration for extending the rent payment proposal to cover those public housing tenants paying additional rent. Hoping that the various relief measures could be implemented in August 2009, he urged the Administration to pay special attention to

those recipients of Comprehensive Social Security Assistance, Old Age Allowance and Disability Allowance who were living in residential care homes for the elderly as they could not effectively manage money by themselves. He asked what measures the Administration would take to prevent the additional allowances from being pocketed by the management of the residential care homes for the elderly.

37. In response, the Deputy Director of Social Welfare (Administration) advised that as in 2008, the Administration had sent out letters to the residential care homes for the elderly to remind them that the additional allowances were for individual residents and should not be treated as additional subsidies for the operation of the residential care homes for the elderly. The Administration would take similar preventive measures in 2009, and would monitor the situation closely and initiate prosecution actions against malpractices where necessary. For recipients who did not have the ability to handle personal finance, the Social Welfare Department would arrange an appropriate appointee who was usually a close relative or family member of the recipient, or a caseworker if the recipient had no relatives or family members, to act on his/her behalf.

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

Item No. 7 - FCR(2009-10)28

LOAN FUND

HEAD 252 – LOANS TO SCHOOLS/TEACHERS

- **Subhead 106 Start-up loan for post-secondary education providers**

39. Mr TAM Yiu-chung declared that he was the Chairman of the Board of Directors of the Hong Kong College of Technology.

40. Ms Cyd HO, Chairman of the Panel on Education, reported that the Panel supported the funding proposal. She urged the Administration to extend the repayment period of the loan for Chu Hai College (CHC) from 10 to 20 years.

41. The Chairman extended the meeting for 15 minutes.

42. Professor CHANG Chung-nan of CHC thanked the Administration for offering a start-up loan in the amount of \$350 million for CHC to provide accredited post-secondary programmes. He said that CHC accepted the terms of the loan and believed that it had the ability to repay the loan. If CHC encountered unforeseen difficulties in future, he hoped that the Administration could offer assistance.

43. The Under Secretary for Education (USED) responded that the Administration would maintain close liaison with CHC and would be willing to discuss with it should it encounter actual difficulties. As regards extension of the

loan repayment period, the Deputy Secretary for Financial Services and the Treasury (Treasury)¹ and the Principal Assistant Secretary for Education (Further Education) (PASED) advised that as mentioned in paragraph 22(b) of the Administration's paper, there was an established mechanism for extending the loan repayment periods up to 20 years for borrowing institutions with proven financial difficulties.

44. Mr CHEUNG Man-kwong welcomed the loan repayment concession to CHC as detailed in paragraph 22(b) of the Administration's paper. He noted that recently both the University of Hong Kong SPACE Community College and the Hong Kong College of Technology had been provided with vacated school premises in addition to interest-free loans. He pointed out that in the past, post-secondary institutions had to borrow funds from their own sources for the construction of purpose-built campus. He requested the Administration to clarify whether the current arrangements implied a change of policy.

45. USED clarified that the purpose of providing vacant school premises to post-secondary institutions for running accredited programmes was to make good use of available Government resources. The Administration would examine the merits of each case and the availability of suitable premises for the purpose before coming to any decision. PASED added that as agreed at the FC meeting on 23 May 2008, institutions might apply for interest-free loans to refurbish vacant school premises allocated to them to improve students' learning environment. To this end, the Administration would consider allocating land for institutions at a nominal fee, or allocating vacated Government premises to them.

46. Mr CHEUNG Man-kwong considered that it was a policy change to allocate vacant school premises to post-secondary education providers to run self-financing programmes. While he supported the policy on the allocation of suitable vacant school premises and the provision of start-up loans for refurbishing the vacant school premises to post-secondary education providers for operation of accredited post-secondary programmes, he stressed that the policy should apply equitably to all post-secondary education providers. In this regard, USED undertook to provide a written response on the policy to FC.

Admin

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

48. The meeting was adjourned at 7:17 pm.