

立法會
Legislative Council

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Finance Committee of the Legislative Council

**Minutes of the 21st meeting
held at the Legislative Council Chamber
on Friday, 3 July 2009, at 5:05 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
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 WONG Yung-kan, SBS, JP
Hon LAU Kong-wah, JP
Hon LAU Wong-fat, GBM, GBS, JP
Hon Miriam LAU Kin-yeet, GBS, JP
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, 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
Hon CHEUNG Hok-ming, GBS, JP
Hon WONG Ting-kwong, BBS, JP
Hon Ronny TONG Ka-wah, SC
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 CHEUNG Kwok-che
Hon WONG Sing-chi
Hon WONG Kwok-kin, BBS
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:

Dr Hon David LI Kwok-po, GBM, GBS, JP
Hon Fred LI Wah-ming, SBS, JP
Dr Hon Margaret NG
Hon Andrew CHENG Kar-foo
Hon Timothy FOK Tsun-ting, GBS, JP
Hon Vincent FANG Kang, SBS, JP
Hon CHIM Pui-chung
Dr Hon LEUNG Ka-lau
Hon IP Wai-ming, MH
Dr Hon Samson TAM Wai-ho, JP

Public officers attending:

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| 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) |
| Ms Bernadette LINN, JP | Deputy Secretary for Financial Services and the Treasury (Treasury) 1 |

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| Ms Elsie YUEN | Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch) |
| Ms Eva CHENG, JP | Secretary for Transport and Housing |
| Mr Philip YUNG Wai-hung, 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 Malcolm GIBSON | Head of Project Engineering, MTR Corporation Limited |
| Ms Maggie SO | Senior Manager - Projects and Property Communications, MTR Corporation Limited |
| Mr Stephen LAM Sui-lung, JP | Secretary for Constitutional and Mainland Affairs |
| Mrs Carrie LAM CHENG Yuet-ngor, JP | Secretary for Development |
| Mr Howard CHAN Wai-kee | Deputy Secretary for Constitutional and Mainland Affairs (2) |
| Mr Ivan LEE Kwok-bun | Principal Assistant Secretary for Constitutional and Mainland Affairs (7) |
| Miss Eliza YAU Kwai-chong | Principal Assistant Secretary for Food and Health (Health) ¹ |
| Mr Daniel CHENG Chung-wai | Principal Assistant Secretary for Education (Further Education) |
| Miss Winnie TSE Wing-yee | Principal Assistant Secretary for Home Affairs (Civic Affairs) ³ |
| Mrs Cecilia YUEN | Assistant Director of Social Welfare (Rehabilitation and Medical Social Services) |
| Mr Tommy YUEN Man-chung, JP | Deputy Secretary for Development (Planning and Lands) ² |
| Mr Paul PANG Tat-choi | Assistant Director of Buildings (Existing Buildings) ¹ |
| Mr Jacky IP Kam-shing | Director (Property Management), Hong Kong Housing Society |
| Ir Calvin LAM Che-leung | Executive Director (Operations and Project Control), Urban Renewal Authority |
| Mr Raymond H C WONG, JP | Permanent Secretary for Education |
| Mr Tony TANG | Principal Assistant Secretary for Education (Quality Assurance) |
| Mr LI Wing | Controller, Student Financial Assistance Agency |
| Mr Paul TANG Kwok-wai, JP | Permanent Secretary for Labour and Welfare |
| Ms Karyn CHAN Ching-yuen | Principal Assistant Secretary for Labour and Welfare (Manpower) |

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

Item No. 2 - FCR(2009-10)31

**RECOMMENDATIONS OF THE PUBLIC WORKS SUBCOMMITTEE
MADE ON 10 AND 15 JUNE 2009**

PWSC(2009-10)50 1QR West Island Line – funding support

The Committee continued discussion of PWSC(2009-10)50 concerning the funding support for the MTR West Island Line (WIL).

2. Referring to a fatal incident at the Kowloon Bay MTR station, Mr LEUNG Kwok-hung criticized the MTR Corporation Limited (MTRCL) for the slow progress in providing platform screen doors in all stations. He enquired about the timetable for completing the installation. He considered that the Administration should not have allowed public corporations such as MTRCL and the Link Real Estate Investment Trust to go private and operate in a pure commercial way without taking care of the interests of the public. As the major shareholder of MTRCL, the Administration should exert greater influence on its operations.

3. In response, Ms Maggie SO, Senior Manager - Projects and Property Communications, MTRCL advised that as announced by the company in May 2009, MTRCL would install platform screen doors in eight stations, one of which was Kowloon Bay. The programme was expected to complete at the end of 2011. Mr Malcolm GIBSON, Head of Project Engineering, MTRCL explained that the installation plan required a study of the impact of the screen doors on air movements and signal systems at each station, and it would take some time to complete.

4. Mr Abraham SHEK declared that he was a non-executive director of MTRCL.

5. The Chairman put the item to vote. The Committee approved the item. Mr LEUNG Yiu-chung and Mr LEUNG Kwok-hung requested to put on record that they voted against the proposal.

Item No. 3 - FCR(2009-10)32

HEAD 53 – GOVERNMENT SECRETARIAT : HOME AFFAIRS BUREAU

- **Subhead 700 General non-recurrent**

Item 892 Trust Fund in Support of Reconstruction in the Sichuan Earthquake Stricken Areas

6. Mr LAU Wong-fat, Chairman of the Panel on Development (the Panel), said that the proposal was discussed at the Panel meeting on 18 June 2009. Members of the Panel urged the Administration to make arrangements for Legislative Council (LegCo) Members to visit Sichuan as soon as possible so that they could obtain first-hand information on the progress of the reconstruction support projects. Some Panel members expressed support for the proposal, while some other Panel members considered that the Administration should not seek funding approval so hastily because many first stage and second stage support projects were not yet implemented and there was insufficient information to demonstrate that the approved funds had been well spent. Panel members also expressed concern on whether the Administration had sufficient and effective monitoring of the support projects, and sought explanation on why the reconstruction projects supported by Hong Kong were not determined on the basis of the one-on-one support scheme as adopted by other supporting provinces/municipalities. Panel members further requested the Administration to provide relevant reports on the support projects on a regular basis. Subsequent to the Panel meeting, the Administration had provided supplementary information to the Panel to clarify how the projects supported by Hong Kong were determined and a list of those reports on individual projects that were available for Members' perusal.

7. The Secretary for Development (SDEV) said that in response to Members' requests, the Administration had provided further information after the Panel meeting, including a chart to illustrate the workflow of reconstruction projects at the construction stage, a list of reports available for Members' perusal and explanation on how the projects supported by Hong Kong were determined. As requested by Prof Patrick LAU, the Development Bureau (DEVB) had also arranged for him to peruse those project feasibility study reports and Mainland supervision engineers' reports currently available at DEVB on 26 June 2009. On that occasion, Prof Patrick LAU also met representatives of the Hong Kong Construction Sector 5.12 Reconstruction Joint Conference (RJC) to learn more about the involvement of the local construction sector in the Sichuan post-quake reconstruction work. Representatives of RJC indicated their support and trust on the professional team of DEVB, as well as the management and monitoring arrangements established by the Bureau. She noted that Prof Patrick LAU was also satisfied with the management

and monitoring arrangements devised by DEVB having examined the relevant reports and exchanged views with representatives of RJC. The Administration had provided a supplementary information note to the Finance Committee with details on the briefing session. The Chairman advised that the Administration's supplementary information note was tabled at the meeting.

8. The Secretary for Constitutional and Mainland Affairs (SCMA) added that the Administration had provided supplementary information to the Panel explaining the one-on-one support scheme. The Administration also confirmed that there was no overlap in the reconstruction support work undertaken by Hong Kong and other Mainland provinces/municipalities.

9. Prof Patrick LAU said that many Members were concerned about the monitoring of the reconstruction support projects which were now available for perusal at DEVB. He had examined the Mainland supervision engineers' reports, the inspection reports prepared by DEVB and the project feasibility study reports. He further said that many Hong Kong professionals went to Sichuan on a voluntary basis using their own time to meet with Mainland professionals, and they should be commended for their contributions to the reconstruction support work. As the design of the support projects was also important, he hoped that Hong Kong professionals could give views on the design of the projects, and that such views would be heeded by Mainland authorities and professionals.

10. Mr WONG Kwok-hing said that Members belonging to the Hong Kong Federation of Trade Unions supported the proposal. As the reconstruction work could afford no delay, he considered that Hong Kong should affirm its funding commitment for the third-stage reconstruction support work as soon as possible and help expedite the implementation of the reconstruction projects.

11. Mr Albert CHAN said that Members belonging to the League of Social Democrats supported that various parties worldwide should participate in the reconstruction support work on humanitarian grounds. Noting that the proposal was to increase the commitment of the Trust Fund in Support of Reconstruction in the Sichuan Earthquake Stricken Areas (the Trust Fund) under Head 53 Government Secretariat: Home Affairs Bureau, he considered that the Home Affairs Bureau should take the lead in co-ordinating Hong Kong's reconstruction support work. He was dissatisfied that the Secretary for Home Affairs did not attend the meeting to explain the proposal and answer questions from members. Mr LEUNG Kwok-hung considered that the Secretary for Home Affairs should be held accountable for this area of work. If the Secretary for Home Affairs could not attend this meeting, the Under Secretary for Home Affairs or Political Assistant to the Secretary for Home Affairs should attend.

12. SCMA responded that Hong Kong's reconstruction support work involved several policy areas, and DEVB and the Constitutional and Mainland Affairs Bureau (CMAB) were taking the lead in coordinating the work. Other relevant bureaux also

participated in the work and they each had a platform to invite professionals in their respective policy areas to give advice on Hong Kong's reconstruction support work. The Home Affairs Bureau was responsible for managing the accounts of the Trust Fund and had sent a representative to this meeting.

13. Mr LEE Wing-tat said that he heard that other provinces/municipalities participating in the reconstruction support work had each stationed a team in Sichuan, and they would employ workers and use construction materials from their respective provinces/municipalities in implementing the projects. Such arrangement would benefit the economy of the provinces/municipalities. As Sichuan residents were the victims of the earthquake and the unemployment rate in Sichuan was high, he suggested that Sichuan companies should be invited to participate in the tender exercises for implementing the projects supported by Hong Kong, so that Sichuan workers could benefit from those projects. He further suggested that Sichuan companies could be given priority in the tender exercises if the prices were similar, and that a tender requirement be included on employing Sichuan workers as far as possible. As regards the Shuimo Secondary School in Wenchuan project which was one of the first-stage support projects, he asked why the implementation unit was from Guangdong rather than Sichuan.

14. SCMA responded that for the 152 projects funded by the HKSAR, the relevant provincial or municipal authorities would be responsible for engaging local companies and personnel to implement the reconstruction projects through competitive tender exercises. For large-scale tenders, bigger companies with more experience such as state enterprises would be invited to participate, and such projects would provide job opportunities for Sichuan workers. For the Shuimo Secondary School project in Wenchuan, the lower and upper secondary sections would be merged and Foshan would also provide funds to support part of the project. Therefore, the Administration agreed to adopt the current implementation arrangements as a special case. He also agreed to relay Mr LEE Wing-tat's suggestions on tendering arrangements to the Sichuan Government.

Auditing and monitoring

15. Mr LEE Wing-tat said that he had perused 12 reports on the reconstruction projects supported by Hong Kong, two of which were reports for commenced projects and the rest were project feasibility study reports. He expressed concern about the short duration of stay of the two DEVB engineers who carried out inspections in Sichuan as they had limited time to carry out their work. He referred to the second volume of the Mainland supervision engineers' report for the Shuimo Secondary School project in Wenchuan which indicated that the steel headframe had failed to reach the required standard, and that rectification work had been carried out by the implementation unit after the supervision engineers had issued two supervision notices. The report also indicated that the bar tendons were found to be unreliable. Mr LEE queried why rectification was not carried out after the issuance of the first notice, and asked whether the DEVB engineers had reminded the implementation unit to carry out

rectification. He considered that the supervision engineers' reports should be prepared on a regular basis and should be signed by trustworthy personnel. Where irregularities were found, rectification work should be carried out. Mr LEE was worried about the quality of the works carried out by the Mainland implementation units. He suggested that to facilitate monitoring, DEVB and CMAB should prepare a brief summary of each supervision engineers' report highlighting the adequacies and inadequacies of the project works, and indicating whether the inadequacies had been rectified. If rectification had not been carried out, the reasons should be stated. As the total number of projects supported by Hong Kong would exceed 100, he asked how DEVB and CMAB would monitor the projects when all of them had commenced.

16. SDEV responded that Mainland inspection engineers would prepare the supervision engineers' reports in an independent and critical manner, and would point out inadequacies found in the project works. This was similar to the practice in Hong Kong where the engineers concerned would comment on the quality of the works carried out by the contractors. The report on inadequacies by Mainland inspection engineers reflected that the support projects were being properly monitored. SDEV agreed that where inadequacies were found, they should be rectified in a timely manner. She further said that DEVB engineers would also carry out inspections and give their views on the support projects. The Sichuan side was willing to heed the views of the Hong Kong side in various aspects. Independent professional consultants would be hired when construction works commenced, and they would conduct independent technical auditing. Regarding Mr LEE's request for summary reports, SDEV would explore how to share with Members the contents of the relevant reports in a simple and easily comprehensible way. Through providing regular reports on the progress of the projects supported by Hong Kong, the Administration hoped that it could instill confidence in Members that the support work was being monitored effectively.

17. Mr Albert HO referred to the second Mainland supervision engineers' report for the 303 Provincial Road - Yingxiu to Wolong section project, and said that the report indicated that the project was behind schedule and land acquisition needed to be expedited. The report also indicated that certain aspects of the project did not meet the quality requirements and the implementation arrangements for the pile foundation of a bridge were unsatisfactory. Although the supervision engineers' reports reflected that inspections had been conducted in a serious manner, they also revealed that a number of aspects still failed to meet the required standards. He urged the Administration to continue to make such reports available to Members, and ensure that the Sichuan side would adhere to the stringent requirements for the projects and carry out the necessary rectifications.

18. SDEV responded that the Administration would continue to conduct inspections in a serious manner. Technical auditing would be further stepped up after the independent professional consultants had been hired. Rectification carried out for a project would be reflected in the relevant ensuing Mainland supervision engineers' reports.

19. Mr TAM Yiu-chung said that Members belonging to the Democratic Alliance for the Betterment and Progress of Hong Kong supported the Administration's proposal. The Administration had made arrangements for Members to access the various relevant reports. He opined that the inadequacies pointed out in the Mainland supervision engineers' reports reflected that those reports were prepared in a serious manner, and there was genuine monitoring of the projects. He considered that Hong Kong should affirm the provision of funds for the third stage support projects as soon as possible to enable early implementation of the projects, and that the Administration should continue to exercise vigilance in its monitoring work. SCMA responded that the Administration shared the view that the support projects should be implemented as soon as possible without compromising their quality.

20. Mr Albert CHAN commented that LegCo could not monitor the expenditures of the reconstruction projects supported by Hong Kong, and doubted whether the Audit Commission could monitor public funds approved for this purpose. He considered that it would be irresponsible and a dereliction of duty for Members to approve additional public funds for Hong Kong's reconstruction support work under such circumstances. Mr LEUNG Kwok-hung asked how the Administration could monitor the support projects and whether the Sichuan side had the responsibility to accede to the Administration's request for obtaining relevant information about the projects.

21. SCMA responded that the Administration had pledged that it would provide regular reports on the progress and expenditures of the projects to Members. The Trust Fund was set up under the Home Affairs Bureau as a financial management mechanism for using public funds for Hong Kong's reconstruction support work. Annual audit reports on the Trust Fund would be prepared by the Audit Commission for submission to LegCo. All the support projects had to meet stringent requirements, and the Central Government and Sichuan Government had raised the earthquake-proof standards of the facilities to be reconstructed. Disbursement of funds for the projects supported by Hong Kong would be made by four stages viz. the tendering, foundation works, superstructure works and fitting-out works stages, using a milestone payment approach. According to the cooperation arrangements, the Administration could conduct inspections and would only disburse the funds when it was satisfied with the progress of the projects.

22. Ir Dr Raymond HO said that the mechanism of engaging supervision engineers had over 10 years' history on the Mainland. He expressed appreciation for the serious attitude and independence with which the Mainland supervision engineers carried out their work for the reconstruction support projects. He believed that the status of supervision engineers would be enhanced after the reconstruction support work. Ir Dr HO further said that many Hong Kong professionals in the construction sector had participated in the reconstruction support work on a voluntary basis. He and Prof Patrick LAU would continue to encourage more professionals to participate

in the reconstruction support work. He considered that the reconstruction support projects had progressed quite fast. As the Audit Commission would provide annual audit reports on the Trust Fund to LegCo, he was not worried about abusive use of public funds. He stated that Members belonging to the Professional Forum supported the Administration's proposal.

23. Ms Miriam LAU considered that there was a genuine need to approve the funding for the third stage reconstruction support work as soon as possible. She said that the Administration had responsibility to ensure that public funds were well spent and that the support projects would be implemented in the most cost-effective manner. Nevertheless, as the support projects would be implemented in Sichuan, it would be impractical to adopt a microscopic approach for monitoring those projects. As Mainland supervision engineers would monitor the projects and Hong Kong professionals would provide assistance and advice, such monitoring mechanism was considered a practical arrangement. She asked how the Administration would provide regular reports on the progress of the projects supported by Hong Kong in future.

24. SCMA responded that the Administration attached great importance to providing progress reports of the support projects to Members and two such reports had already been provided. Members could also have access to the independent professional consultants' reports and other relevant reports when available. SDEV added that the Administration was well aware of the importance of providing progress reports to account for the approved funds. Therefore, the Administration had pledged to provide progress reports on a half-yearly basis. The Administration would prepare future progress reports in an easily comprehensible manner. A dedicated webpage for RJC providing relevant information about the support projects had also been set up.

25. Mr Alan LEONG said that Members belonging to the Civic Party were supportive of providing assistance to the earthquake victims, but were concerned that the funds provided by Hong Kong should be properly managed for the benefits of the victims. Regarding the urgency of the funding proposal for the third stage support work, he understood that the proposed Deyang Aba Highway-Mianzhu Municipality to Mao County Section was an important project which should be implemented expeditiously and it would be desirable if Hong Kong could support this large scale project. Members of the Civic Party therefore supported the Administration's funding proposal, though with reservations. The Civic Party considered that there should be a mechanism to alert LegCo about any irregularities in the implementation of the projects supported by Hong Kong to ensure that public funds would be well spent and would benefit the earthquake victims directly. He urged SDEV and SCMA to undertake putting in place such a mechanism.

26. SDEV assured members that the Administration would continue to carry out monitoring in a stringent manner. She informed members that DEVB officers had visited Sichuan for 33 times (or 218 man-days) since Hong Kong's participation in

the reconstruction support work, while representatives of RJC had visited Sichuan for 10 times, with a total of 130 man-days. Experts of the Ocean Park also spent 22 man-days in Sichuan on the Wolong Nature Reserve project. Professionals in the architectural sector had recently provided advice to enhance the design of the Wolong Nature Reserve project even if this would postpone the vetting of the project. Such visits provided a mechanism whereby advance warnings about areas requiring improvements could be given during the implementation of the support projects. The Administration would continue to adopt the same approach in carrying out monitoring in future.

27. Mr LEUNG Kwok-hung opined that the Administration should not seek funding approval until after the independent professional consultants had been hired. He did not see any urgency for the Administration to seek funding approval at present, as the Administration had indicated that the Sichuan Government was pre-occupied with reconstruction work and required time to make arrangements for the proposed visit.

28. SDEV responded that the hiring of independent professional consultants to help monitor projects was an innovative arrangement and therefore called for careful preparation. The Administration had started to consult the sector on the requirements and scope of services of the independent professional consultants in February 2009. As she had informed the Panel on Development at the meeting on 18 June 2009, the relevant tender exercise was in progress and the independent professional consultants were expected to commence work by the end of July 2009. Engineers of DEVB would in the meantime carry out inspection work and they had prepared inspection reports for the section of 303 Provincial Road from Yingxiu to Wolong and Wolong Nature Reserve projects. SCMA added that most of the projects supported by Hong Kong would be completed in 24 months and the actual construction work would commence once the tendering process had been completed. The timing of hiring independent professional consultants could dovetail with the commencement of the projects.

Proposed visit to Sichuan

29. Ms Miriam LAU requested the Administration to make arrangements for Members to visit Sichuan as soon as possible, preferably in one to two months' time. SCMA responded that the Administration would actively follow up with the Sichuan Government so that the duty visit could be conducted as soon as possible. The Administration was awaiting the Sichuan Government's response on the timing of the visit.

30. Mr LEUNG Kwok-hung said that although he would not distrust the Administration, he did not trust the Sichuan Government. He could not participate in the previous duty visit by Members to Sichuan after he had indicated that he would investigate cases of substandard works projects in Sichuan. If his participation was the cause for complicating the arrangements for the visit to Sichuan this time, he could

consider not to participate in the visit. He asked whether SDEV and SCMA knew if he could participate in the proposed visit.

31. The Chairman asked SDEV and SCMA whether they had any information regarding the proposed visit and whether the participation of Mr LEUNG Kwok-hung or some other Members would be the obstacle.

32. SCMA responded that the Sichuan Government welcomed Members' proposal for conducting the visit and was actively making arrangements to ensure that the visit would be fruitful and smooth. It was considered that Members would have a better understanding of the progress of the projects supported by Hong Kong if the visit was conducted after the commencement of the projects. The details of the visit were being worked out at present, and whether Mr LEUNG Kwok-hung would join the visit did not affect the preparation work. The Chairman further asked whether Mr LEUNG Kwok-hung could participate in the proposed visit. SCMA advised that he did not have any information in this regard.

Selection of reconstruction support projects

33. Mr Albert CHAN commented that the selection of projects should be based on objective considerations, and a decision should not be taken in a haphazard manner. He urged for an objective and transparent mechanism for the selection of projects supported by Hong Kong. He queried why such projects included facilities in Chengdu which was less affected by the earthquake. He also disagreed that projects such as provincial roads could not be implemented on the basis of the one-on-one support scheme. He asked whether the Administration would vet the projects proposed by the Sichuan Government before accepting them.

34. SCMA responded that the Administration had provided supplementary information on 29 June 2009 explaining how the projects supported by Hong Kong were determined. The coverage of Hong Kong's reconstruction support work was quite extensive, for example, the two provincial road projects were large scale infrastructure projects. The Sichuan Hong Kong Rehabilitation Centre project in Chengdu would also help set up a network of rehabilitation services centres for disabled persons covering a number of affected counties. In these areas, Hong Kong had expertise in implementing similar infrastructure projects and rehabilitation services projects.

35. Ir Dr Raymond HO said that his understanding was that as various provinces/municipalities participated in the reconstruction support work, Hong Kong could not determine what projects it would support unilaterally. An important consideration was whether Hong Kong's support for a particular project would dovetail with the overall reconstruction plan. As the reconstruction projects in Sichuan included infrastructure, welfare services, medical services and educational services projects, Hong Kong should not limit itself to supporting a particular type of

projects only. He considered the current range of projects supported by Hong Kong reasonable.

Participation of non-governmental organizations

36. Mr Alan LEONG said that Members belonging to the Civic Party hoped that Hong Kong professionals and non-governmental organizations (NGOs) wishing to participate in the reconstruction support work would be facilitated to do so in a fair manner. He referred to the application from Engineers Without Borders and enquired the mechanism for vetting applications from NGOs.

37. SCMA responded that the Administration had approved 16 support projects to be undertaken by NGOs. The basic requirements were that the applicant had to identify a partner organization in Sichuan and that its proposal could dovetail with the overall reconstruction master plan. The Administration had reserved \$250 million for NGOs and approved \$160 million up to the present. The Administration would actively consider applications from NGOs and continue to follow up with the Sichuan Government on the vetting of the applications from Engineers Without Borders and some other NGOs.

38. The Chairman put the item to vote. The Committee approved the funding proposal with 35 members voting for it and four members voting against it. The individual results were as follows --

For:

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| Mr Albert HO Chun-yan | Ir Dr Raymond HO Chung-tai |
| Mr CHEUNG Man-kwong | Mr CHAN Kam-lam |
| Mrs Sophie LEUNG LAU Yau-fun | Dr Philip WONG Yu-hong |
| Mr WONG Yung-kan | Mr LAU Kong-wah |
| Mr LAU Wong-fat | Ms Miriam LAU Kin-yee |
| Mr Abraham SHEK Lai-him | Ms LI Fung-ying |
| Mr Frederick FUNG Kin-kee | Ms Audrey EU Yuet-mee |
| Mr WONG Kwok-hing | Mr LEE Wing-tat |
| Dr Joseph LEE Kok-long | Mr Jeffrey LAM Kin-fung |
| Mr Andrew LEUNG Kwan-yuen | Mr Alan LEONG Kah-kit |
| Mr CHEUNG Hok-ming | Mr WONG Ting-kwong |
| Prof Patrick LAU Sau-shing | Ms Starry LEE Wai-king |
| Dr LAM Tai-fai | Mr CHAN Hak-kan |
| Mr Paul CHAN Mo-po | Mr CHAN Kin-por |
| Miss Tanya CHAN | Mr CHEUNG Kwok-che |
| Mr WONG Kwok-kin | Mr IP Kwok-him |
| Mrs Regina IP LAU Suk-yee | Dr PAN Pey-chyou |
| Mr Paul TSE Wai-chun | |

(35 members)

Against:

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

Mr Albert CHAN Wai-yip
Mr WONG Yuk-man

Item No. 4 - FCR(2009-10)33

**HEAD 138 – GOVERNMENT SECRETARIAT : DEVELOPMENT BUREAU
(PLANNING AND LANDS BRANCH)**

• **Subhead 700 General non-recurrent**

Item 865 Operation Building Bright

39. Mr LAU Wong-fat, Chairman of the Panel on Development, reported that the Panel discussed the proposal on 23 June 2009, and Panel members were generally in support of the proposal. Some Panel members expressed the following views --

- (a) in the next round of the Operation Building Bright (the Operation), the Administration should relax the eligibility criterion that the buildings concerned should comprise no more than 400 residential units;
- (b) the Administration should provide comprehensive advice to owners' corporations on the various subsidy schemes for building maintenance and energy saving; and
- (c) the Administration should assist owners' corporations in selecting qualified contractors through tendering.

40. Ms Miriam LAU said that members belonging to the Liberal Party supported the Operation. For the Category 2 target buildings, she noted that while the Administration's plan was to assist 500 buildings, only 226 such buildings had been identified so far. She enquired whether the Administration had encountered difficulties in locating these buildings. She also enquired whether the Administration foresaw any difficulties in recovering the maintenance costs from these buildings, and what measures the Administration would take if any of these buildings failed to repay the costs to the Administration.

41. SDEV responded that the Administration had so far identified 226 Category 2 target buildings. As the maintenance works would be carried out by authorized contractors of the Buildings Department, the works in these buildings could be started promptly. Since most of the expenses arising from the maintenance and repair works would be borne by the Administration, she foresaw that the Administration would not have much difficulty in recovering the remaining costs from the building owners. In case the owners failed to make the required payments, the Administration would follow the established procedure to chase the outstanding

payments. The Assistant Director of Buildings (Existing Buildings)¹ (AD, BD) supplemented that the Administration had so far received 509 nominations of buildings from LegCo and District Councils (DCs). Among these nominations, 84 buildings with defaulted statutory orders had already been identified as Category 2 target buildings. The Buildings Department would complete inspection of the remaining 425 nominated buildings in July 2009. As for elderly owners who had genuine difficulties in meeting the 20% maintenance costs, the Administration would act with flexibility and render assistance to them under other subsidy schemes.

42. Mr WONG Kwok-kin pointed out that the owners' corporations (OCs) of some old and dilapidated buildings had refrained from joining the Operation for fear that the maintenance works might lead to the clearance of the unauthorized structures in the buildings. Some OCs were also worried that the failure of some owners to make the required contributions to the maintenance costs might bar all units from sale in the market. He urged the Administration to step up publicity of the Operation among OCs.

43. SDEV advised that the Administration had written to the OCs of some 13 000 old buildings to publicize the Operation, and would continue the promotion efforts. She requested Mr WONG Kwok-kin to provide details of the cases he mentioned so that the Hong Kong Housing Society and Urban Renewal Authority could deploy staff to explain to the owners concerned the procedures and requirements of the Operation. AD, BD advised that clearance of unauthorized structures would be based on priorities under the existing policy. Only those unauthorized structures which were posing safety hazards or would cause serious obstruction to the maintenance works would be removed during the Operation.

44. Mr WONG Kwok-hing welcomed the Administration's proposal and believed that the Operation would serve the dual purpose of improving the condition of old and dilapidated buildings and creating jobs for the construction sector. He enquired about the number of buildings to be covered under the Operation with an additional provision of \$1 billion. He also expressed concern about the increase of corruption cases involving tender rigging as reported by the Independent Commission Against Corruption (ICAC). He urged the Administration to act cautiously to ensure that the tendering procedures of the buildings supported by the Operation would be carried out in a fair manner free of corruption and malpractices.

45. SDEV advised that with the \$1 billion additional funding, the Administration should be able to implement maintenance and repair works for over 1 000 buildings. In order not to exert undue pressure on the construction sector, the Administration would stagger the maintenance works under the Operation over a reasonable period. On the issue of tender rigging, she advised that ICAC was highly concerned and had taken the initiative to discuss with DEVB, the Hong Kong Housing Society and the Urban Renewal Authority to incorporate corruption prevention measures into the tendering procedures and other relevant aspects of the Operation.

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

Item No. 5 - FCR(2009-10)34

HEAD 170 – SOCIAL WELFARE DEPARTMENT

- **Subhead 179 Comprehensive social security assistance scheme**

HEAD 173 – STUDENT FINANCIAL ASSISTANCE AGENCY

- **Subhead 228 Student financial assistance**

47. Mr CHEUNG Man-kwong said that Members belonging to the Democratic Party were supportive of the proposal which would help relieve the financial pressure of low-income parents. He commented that the Pre-primary Education Voucher Scheme (PEVS) had two major shortcomings. Firstly, parents of children attending half-day and whole-day kindergartens (KGs) were receiving the same level of financial support under the scheme and this was not fair to whole-day KGs. Secondly, while there was a requirement and a training subsidy under PEVS for the KG teachers to attain the qualification of Certificate in Early Childhood Education (CE(ECE)) within five years, there was no arrangement to provide a salary increment for the KG teachers upon their attainment of the qualification. He asked the Administration to look into these problems.

48. The Permanent Secretary of Education (PS(Ed)) advised that the design of PEVS was based on half-day kindergartens. Nonetheless, in view of the various concerns about PEVS including the support for whole-day KGs, the Administration had decided to advance the review of the scheme to 2009. As for the salary level of the KG teachers, the Administration's position was that as pre-school education was provided by the private sector, with increased support from the Government through PEVS, KGs should be able to flexibly adjust the salaries of their teaching staff in line with market trends for retaining quality teachers. The figures available to the Administration indicated that salaries of the KG teachers in general had increased in the 2007/08 and 2008/09 school years. The Principal Assistant Secretary for Education (Quality Assurance) added that, as reflected by KGs in their applications to increase school fees, the salary increases for the KG teachers were around 6%.

49. Mr CHEUNG Man-kwong did not agree that the salaries of the KG teachers should be determined by market forces, as this would instil instability to pre-school education. He restated that there should be proper recognition of the KG teachers' attainment of CE(ECE) by means of a salary increment.

50. Mr LEE Cheuk-yan expressed support for the proposal which he considered as long overdue. He felt strongly that there should be a fixed salary scale for the KG teachers in order to recruit and retain qualified persons to serve as the KG teachers. He recalled that prior to the introduction of PEVS, most KGs were required to adopt a fixed salary scale for their teaching staff. The Administration's

move to cancel the salary scale with the implementation of PEVS was a retrogressive move, and reflected the low importance it attached to pre-school education.

51. In response, PS(Ed) said that the present proposal represented a positive response of the Administration to public aspirations for improving pre-school education. He clarified that prior to the implementation of PEVS, only those KGs receiving subsidies under the Kindergarten and Child Care Centre Subsidy Scheme were required to follow the salary scale recommended for KG teachers. These KGs accounted for about half of KGs operating in Hong Kong. The Administration held the view that under the PEVS policy the pay and conditions of service of the KG teachers should be determined by the market.

52. Ms Audrey EU said that while Members belonging to the Civic Party supported the proposal, it was the Party's stance that the Government should provide free pre-school education to all children. The Administration should review the various related issues including the salary structure of the KG teachers and the support for whole-day KGs.

53. Dr Priscilla LEUNG said that while she supported the funding proposal, she had reservations about PEVS which she believed should be replaced by three-year free pre-school education.

54. PS(Ed) said that the Administration considered that PEVS providing direct financial support to parents was the best option for the time being. Nevertheless, the Administration would take into account the various views and concerns expressed by Members and the general public about PEVS in the future review of the scheme. At present, the Administration had no plan to provide full subsidy for pre-school education.

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

Item No. 6 - FCR(2009-10)35

HEAD 173 – STUDENT FINANCIAL ASSISTANCE AGENCY

• Subhead 700 General non-recurrent

Item 508 Continuing Education Fund

56. Ms LI Fung-ying, Chairman of the Panel on Manpower, reported that the Panel discussed the Administration's proposal on 18 June 2009. Panel members were supportive of the proposal, and the following concerns had been raised --

- (a) adequacy of the injected amount;
- (b) continuation of the Continuing Education Fund (CEF) in the long run;

- (c) control measures against possible abuses; and
- (d) effective regulation and monitoring of course providers.

57. The Chairman stated that she would extend the meeting for 15 minutes.

58. Dr Priscilla LEUNG said that she was disappointed with the Administration's proposal, as it failed to address the needs of the unemployed middle class who had been left out of job in the global financial tsunami. The ceiling of \$10,000 was insufficient for these people with heavy family burden to switch to another occupation, become self-employed or participate in the six "priority" industries identified by the Administration. Her alternative proposal was that the Administration should set aside \$1 billion to set up a special unemployment fund to offer loans for these people to tide over a difficult time, so that they would attend retraining on value-added courses in preparation for the economic recovery.

59. The Permanent Secretary for Labour and Welfare (PSLW) said that the present proposal was to make use of an existing scheme to enable citizens to engage in continuing education in the midst of the economic downturn. He stressed that CEF was not designed to assist those seeking to change jobs, but more for those who wished to pursue studies for personal interests or fulfillment. He said that Dr LEUNG's proposal should be separately discussed at an appropriate forum.

60. Mr CHEUNG Man-kwong expressed grave concern about abuses of CEF. He pointed out that some course providers were found to have colluded with students to deceive the Office of Continuing Education Fund (OCEF). He enquired about the control measures to ensure that the further injection of \$1.2 billion to CEF would actually be used for the intended objectives.

61. PSLW responded that to guard against abuses, the Administration had stepped up inspection visits to course providers and conducted surprise class inspections to deter bogus classes and students. Upon the implementation of the Qualifications Framework in May 2008, all new courses were required to undergo a formal accreditation exercise and be uploaded onto the Qualifications Register. Courses could be de-registered from the list of CEF reimbursable courses if there was non-compliance with the conditions of approval. The Controller, Student Financial Assistance Agency advised that surprise inspection visits were in place to deter malpractices. For 2006-2007 and 2007-2008, 47 inspections and 163 inspections had been conducted respectively. In 2008-2009, the number of inspections had further increased to 194. As for 2009-2010, OCEF and the Hong Kong Council for Accreditation of Academic and Vocational Qualifications (HKCAAVQ) aimed to conduct about 330 inspection visits to course providers. Based on risk assessment, the Administration would focus its attention on some 100 "target" course providers, which accounted for a significant percentage of all the 298 course providers. There would be a corresponding increase of manpower to cope with the increased workload.

62. Ms Miriam LAU said that Members belonging to the Liberal Party had proposed setting up a \$1 billion fund to cater for the continuing education needs of the middle class who had been adversely affected by the global financial tsunami. Unfortunately, the proposal was turned down by the Administration which now sought to enhance CEF as an alternative. Noting that there were 298 course providers running some 7 400 CEF reimbursable courses, she was concerned about the quality of the courses and that many of them might overlap with one another. For example, there were 592 CEF courses for the logistics sector according to information provided by the Administration. She enquired about the Administration's efforts in ensuring the quality of the courses as well as the standards of the trainers. She pointed out that in developing new courses, course providers should consult the relevant industries to ascertain the applicability of the knowledge and skills. Since the course fees varied substantially, she enquired about the basis for the setting the course fees. She hoped the Administration could provide assistance to those who could not afford the course fees under the present economic climate.

63. The Principal Assistant Secretary for Labour and Welfare (Manpower) explained that applications for registration of new course under CEF were subject to assessment by HKCAAVQ and approval by the Labour and Welfare Bureau. To ensure the quality of CEF reimbursable courses, there were clear and stringent requirements with regard to course contents and standards of instructors. Focus groups comprising industry representatives were set up to tender advice on the scope and sector-specific competencies of the courses. OCEF would upload all approved courses onto its websites for public information. On course fees, she advised that over 70% of the CEF-reimbursable courses were charging a course fee below \$10,000, and those having financial difficulties might apply for loans from the Student Financial Assistance Agency.

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

65. The meeting was adjourned at 7:19 pm.