

立法會
Legislative Council

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Panel on Development

Minutes of special meeting
held on Thursday, 18 June 2009, at 4:30 pm
in Conference Room A of the Legislative Council Building

- Members present** : Hon LAU Wong-fat, GBM, GBS, 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 James TO Kun-sun
Hon CHAN Kam-lam, SBS, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP
Dr Hon Philip WONG Yu-hong, GBS
Hon WONG Yung-kan, SBS, JP
Hon Emily LAU Wai-hing, JP
Hon Albert CHAN Wai-yip
Hon LEE Wing-tat
Hon Alan LEONG Kah-kit, SC
Hon CHEUNG Hok-ming, SBS, JP
Hon KAM Nai-wai, MH
Hon Cyd HO Sau-lan
Hon Starry LEE Wai-king
Hon Tanya CHAN
Dr Hon Priscilla LEUNG Mei-fun
Hon IP Kwok-him, GBS, JP
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
- Members attending** : Hon Audrey EU Yuet-mee, SC, JP
Hon WONG Kwok-hing, MH
Hon Ronny TONG Ka-wah, SC
Hon IP Wai-ming, MH
Dr Hon PAN Pey-chyou

Members absent : Hon Timothy FOK Tsun-ting, GBS, JP
Hon Abraham SHEK Lai-him, SBS, JP
Dr Hon Samson TAM Wai-ho, JP

Public officers attending : **Agenda item I**

Mr Stephen LAM, JP
Secretary for
Constitutional and Mainland Affairs

Mr Joshua LAW
Permanent Secretary for
Constitutional and Mainland Affairs

Mr Howard CHAN
Deputy Secretary for
Constitutional and Mainland Affairs (2)

Mr Ivan LEE
Principal Assistant Secretary for
Constitutional and Mainland Affairs (7)

Mrs Carrie LAM, JP
Secretary for Development

Mr C K MAK, JP
Permanent Secretary for Development (Works)

Mr David TONG
Principal Assistant Secretary for Development (Works) 4

Mr Daniel CHENG
Principal Assistant Secretary for Education
(Further Education)

Mrs Cecilia YUEN
Assistant Director of Social Welfare
(Rehabilitation and Medical Social Services)

Miss Eliza YAU
Principal Assistant Secretary for
Food and Health (Health) 1

Miss Winnie TSE
Principal Assistant Secretary for Home Affairs (Civic
Affairs) 3

Clerk in attendance : Ms Anita SIT
Chief Council Secretary (1)4

Staff in attendance : Mr WONG Siu-yee
Senior Council Secretary (1)7

Ms Christina SHIU
Legislative Assistant (1)7

Action

I Progress report on Hong Kong Special Administrative Region's work in support of reconstruction in the Sichuan earthquake stricken areas and third stage work proposal

(LC Paper No. CB(1)1927/08-09(01) -- Administration's paper on progress report on HKSAR's work in support of reconstruction in the Sichuan earthquake stricken areas and third stage work proposal)

Other relevant papers

(LC Paper No. CB(1)993/08-09 -- Minutes of special meeting on 3 February 2009

LC Papers No. CB(1)851/08-09(01) and 1486/08-09(01) -- Administration's papers on Hong Kong Special Administrative Region's second stage work in support of reconstruction in the Sichuan earthquake stricken areas (Follow-up papers)

LC Paper No. CB(1)1958/08-09(01) -- Extract from the draft minutes of the Finance Committee meeting on 20 February 2009 at 3:00 pm)

With the aid of Powerpoint presentations, the Secretary for Constitutional and Mainland Affairs (SCMA), the Secretary for Development (SDEV) and the Permanent Secretary for Development (Works) (PSW) briefed

members on the progress of the Hong Kong Special Administrative Region's work in support of reconstruction in the Sichuan earthquake stricken areas and the Administration's third stage support work proposal.

2. SCMA provided a summary of the financial commitment of Hong Kong's reconstruction support projects, and said that there were 32 proposed third stage support projects at a total cost of about \$2.86 billion. As the latest target of the Sichuan Government was to complete the major reconstruction tasks within two years, the Administration took the earliest opportunity to brief Members on the progress of the reconstruction projects under the first and second stages of the support work and the proposal for the third stage support work. He said that the Administration intended to submit the relevant funding proposal for the third stage support work to the Finance Committee for consideration on 3 July 2009.

3. SDEV briefed members on the workflow of the pre-construction stage and that of the implementation stage of the reconstruction projects supported by Hong Kong. She said that construction work of the reconstruction projects could only commence after completing all the work procedures in the pre-construction stage. Funding approval of the Legislative Council (LegCo) was required before proceeding to the latter work procedures in the workflow of the pre-construction stage. As the funds previously approved by LegCo had nearly been fully committed for the first and second stage support projects, the Administration needed to seek the approval of LegCo for further funding to implement the third stage support projects. The Administration was conducting the related tendering procedures for selecting independent professional consultants. Technical auditing reports of independent professional consultants would be made available to LegCo Members after those consultants had been hired. PSW then briefed members on the progress of the reconstruction of the section of 303 Provincial Road from Yingxiu to Wolong and the details of the proposed Deyang Aba Highway - Mianzhu Municipality to Mao County Section (the Mianmao Highway).

(Post-meeting note: The soft copies of the presentation notes of SCMA and SDEV (LC Papers No. CB(1)2013/08-09(01) and (02)) were issued to members by email on 23 June 2009.)

Auditing and timing of seeking funding approval

4. Mr LEE Wing-tat said that while he believed that the Hong Kong public would support the reconstruction work, they were concerned about the quality of the reconstruction support projects. To instill public confidence among the public that the projects had reached the required standards, the Administration should produce auditing reports, such as material testing reports, prepared by professionals in respect of the first and second stage support projects. He was disappointed that although the Development Bureau had been undertaking technical inspection of the projects before independent professional consultants had been hired, the Bureau had not provided any auditing reports for those projects to demonstrate that their quality was up to the required standards.

5. SDEV responded that the Administration had been according high importance to quality assurance ever since the inception of the reconstruction support projects. As agreed at the Finance Committee meeting held on 20 February 2009, the Administration would report the progress of the reconstruction projects supported by the Hong Kong Special Administration Region to the Panel on a half-yearly basis. The Administration could provide the technical reports to the Panel on those projects under construction if necessary.

6. Prof Patrick LAU said that he was interested in perusing technical documents such as feasibility study reports to see whether the standards of the projects were reasonable. Mrs Sophie LEUNG said that in order to economize on the use of paper, she would not need copies of those technical documents. She suggested that Prof Patrick LAU could brief Members after perusing those documents. Ir Dr Raymond HO said that interested Members could make arrangements with the Administration if they wanted to peruse those documents. PSW said that there would be a feasibility report for each reconstruction support project. After the independent professional consultants had been hired, there would also be monthly progress reports for the projects. The Principal Assistant Secretary for Development (Works) 4 added that the Development Bureau and other client bureaux had been coordinating comments on the feasibility study reports and participated in expert group meetings organized by the Sichuan side to vet the reports. The professional institutes of the construction sector also played an active role in the vetting process under the Hong Kong Construction Sector 5.12 Reconstruction Joint Conference platform.

7. PSW undertook to provide a list of reports available to the Panel on a regular basis. The types of reports were project feasibility study reports, Mainland supervision engineers' reports (for projects under construction) and independent professional consultants' reports (after commencement of the respective consultancies) for the reconstruction projects supported by Hong Kong. The reports would be placed at the Development Bureau for Members' perusal and Members could also ask the Development Bureau to provide a copy of a particular report if necessary.

(Post-meeting note: The Administration's supplementary information (LC Paper No. CB(1)2106/08-09(01)) was issued to members on 29 June 2009.)

8. Prof Patrick LAU considered that Hong Kong should share its experience with the Mainland on how to implement and monitor works projects. He asked whether there would be a design institute and an independent professional consultant for each project supported by Hong Kong. He also asked whether Mainland independent professional consultants would need to be hired.

9. Mr CHEUNG Hok-ming expressed concern about the progress of hiring independent professional consultants, noting that many reconstruction support projects under the first two stages would be tendered out or implemented shortly.

10. Mrs Sophie LEUNG alerted the Administration to hire shrewd independent professional consultants for monitoring the implementation of the reconstruction support projects so as to allay the worries of the public on the quality of the projects.

11. PSW responded that for each project supported by Hong Kong, the Sichuan side would engage a Mainland design institute and an independent supervision engineer to carry out the design and site supervision work respectively. The hiring of independent professional consultants had no precedent in Hong Kong and the Sichuan side welcomed such a system. The Administration had sounded out practitioners in the sector to see whether they would be interested in the work of independent professional consultants. Based on the feedback, the Administration was confident that independent professional consultants of appropriate standards could be hired, and there would be a sufficient number of independent professional consultants for the projects under all three stages of the reconstruction support work. SDEV added that the hiring of independent professional consultants using the double-envelope tendering system was in progress. The independent professional consultants hired would be of high calibre and they were expected to commence work in July 2009.

12. Mr LEE Wing-tat said that he objected to the latest target of the Central Government and Sichuan Government in striving to complete the major reconstruction projects within two years instead of three years. He was worried that it was a political objective and the quality of the projects might be compromised in order to meet the target completion date without giving due regard to professional judgments. He stressed that political objectives should not override professional judgments.

13. SCMA responded that the purpose of expediting the completion of the major reconstruction projects was to restore the livelihood of the affected parties as soon as possible. Reconstruction support projects which would be expedited included the reconstruction of facilities such as schools and residential buildings. The majority of the projects supported by Hong Kong would be completed within the next two to three years and the quality and safety standards of the projects would not be compromised.

14. Mr IP Kwok-him enquired about the disbursement of funds at different stages of the implementation of the reconstruction projects supported by Hong Kong. SCMA advised that while \$5.886 billion had been committed for the first and second stage projects, the funds transferred so far to the Sichuan Government's dedicated bank account were around \$917 million. For the proposed third stage reconstruction support projects, the Administration had to secure funding approval of \$3 billion from the Finance Committee before concluding the relevant

cooperation arrangements with the Sichuan side. SDEV added that funds for the reconstruction support projects would be disbursed according to the progress of the projects in a way similar to the practice in Hong Kong, and the funds for a project would only be fully disbursed after completion of the project. In Hong Kong, it could take up to seven years before the funds for some projects were fully disbursed. The amount of \$917 million disbursed was for those projects for which the cooperation arrangements had been concluded.

15. Ms Emily LAU said that while she believed that Hong Kong public would support the reconstruction support projects, they had concerns about corruption. As the actual amount of funds disbursed was only about \$917 million at present, the Administration should first demonstrate that the funds were well spent and that the reconstruction support projects supported by Hong Kong were up to the required standards before seeking approval for further financial commitment.

16. Mr Alan LEONG, Miss Tanya CHAN and Mr LEE Wing-tat also queried why the Administration had to seek funding approval before the end of the current legislative session. Mr Alan LEONG believed that Hong Kong public supported the reconstruction support projects. However, the media reported that there were cases of embezzlement and damage of residential buildings during the implementation of the projects. Hong Kong public were thus in a dilemma because on the one hand, they were supportive of providing funds for the reconstruction support work. On the other hand, they hoped that those funds would be well spent directly for the benefit of the earthquake victims. He opined that instead of seeking from the Finance Committee on 3 July 2009 for the \$3 billion additional financial commitment, the Administration should first allay the worries of the public.

17. SCMA responded that the Administration expected that the cooperation arrangements for the second stage reconstruction support projects could largely be concluded within June 2009. As regards the third stage reconstruction support projects, the Administration hoped that the required funding could be approved before the end of the current legislative session so that the reconstruction projects could commence three to four months earlier and that the earthquake victims could resume normal life as soon as possible. The approved funds would be disbursed within two to three years. After detailed deliberations with the Sichuan side, a good system had been put in place to ensure that the reconstruction support projects were of high quality and up to the required safety standards. Procedures for carrying out design and tendering etc of the projects had been laid down to ensure that they would be carried out in a professional manner. PSW added that certainty in the availability of funds for the third stage support projects was required for the Hong Kong and Sichuan sides to conclude the cooperation arrangements and proceed with the detailed planning of the projects. Funds approved would not be disbursed all at once because a milestone payment approach was adopted for disbursement of funds to facilitate monitoring.

18. Mr Alan LEONG asked whether it would be possible for the Administration to seek funding approval from the Finance Committee after the Sichuan side had completed the feasibility studies for the proposed third stage projects. PSW responded that in taking forward the reconstruction support work, the Sichuan side would not wait for Hong Kong to confirm the availability of funds before conducting the feasibility studies. The issue was however to ascertain which projects would be funded by Hong Kong so that the Sichuan side could solicit funds from other sources for those projects not supported by Hong Kong. As Hong Kong had experience in supporting the reconstruction of the section of 303 Provincial Road from Yingxiu to Wolong, the crux was whether the Administration could secure the necessary funds to support the reconstruction of the Mianmao Highway as well.

19. Mr Alan LEONG said that if the timing of seeking funding approval from the Finance Committee would not affect the timing for the Sichuan side to take forward the reconstruction support work, there should be no urgency for the Administration to seek funding approval because the Sichuan side might have already secured funding support for some of the proposed third stage projects from other sources by autumn 2009. If the Finance Committee approved further funds in the next legislative session, the funds could be used for other unsupported reconstruction support projects. The Administration should explain lucidly why there was urgency in seeking funding approval because this would affect whether Members of the Civic Party would support the Administration's funding proposal. He also asked whether the funds provided by Hong Kong could be withheld or recouped if necessary.

20. SCMA responded that implementing all the necessary reconstruction tasks was indeed a serious challenge for the Sichuan side. While more than 1 600 billion Renminbi would be required, only several hundred billion Renminbi had been secured at present. The funds approved by the Finance Committee would be used for reconstruction support work directly related to the livelihood of the earthquake victims, such as reconstruction of schools, medical and health facilities and roads. The funds for each project would be disbursed in phases according to the progress of the project. If the progress of a project was unsatisfactory, the Hong Kong Special Administrative Region Government could withhold payment for the project according to the cooperation arrangements until the relevant problems had been solved.

21. Ir Dr Raymond HO declared that he was associated with one of the organizations participating in the reconstruction support work. He said that considerable time was needed for carrying out procedures such as design, site investigation and tendering before the substantive implementation of the reconstruction support projects. The funds would be disbursed according to the progress of the projects and works projects in Hong Kong were also implemented in a similar manner. Hong Kong should not directly take up the auditing responsibility of the reconstruction support projects because in so doing, Hong Kong might incur legal liabilities. SCMA noted Ir Dr Raymond HO's views.

Proposed visit to Sichuan

22. Ms Emily LAU considered that LegCo Members should conduct a visit to Sichuan to understand the progress of the reconstruction support work before the Administration sought funding approval for the third stage reconstructions support work. She requested the Administration to indicate when the visit could materialize.

23. Mr Albert CHAN said that it would be ridiculous if LegCo Members could not visit Sichuan to understand the reconstructions support work, given that Government officials and delegations from non-governmental organizations (NGOs) undertaking reconstruction support work had done so. LegCo Members should have the right to visit Sichuan before approving the Administration's funding proposal. Members of the League of Social Democrats would object to the funding proposal if no visit to Sichuan could be arranged.

24. SCMA responded that the Administration had been communicating with the Sichuan side about the proposed visit by Members. As it would take some time to carry out the substantial preparation work, the exact timing of the visit had yet to be decided and he expected that the visit could be conducted within a few months.

25. Mrs Regina IP said that she had visited the earthquake stricken areas in Sichuan and was touched. She urged SCMA to pledge that arrangements would be made for Members to visit Sichuan as soon as possible. She asked whether delegations from other supporting provinces/municipalities would also conduct visits to Sichuan.

26. SCMA responded that the Sichuan side was at present heavily occupied with the reconstruction work such as inviting tenders for the reconstruction projects and it would be more fruitful to conduct the visit later when the reconstruction support projects funded by Hong Kong had reached a more advanced stage. The Administration would continue to communicate with the Sichuan side on the visit. As for other supporting provinces/municipalities, his understanding was that while Hong Kong provided funds in support of the reconstruction work, other supporting provinces/municipalities participated in the reconstruction work through stationing their support teams at the earthquake stricken areas to carry out the reconstruction support projects.

27. Ir Dr Raymond HO said that he had previously visited Sichuan for three times. He considered that even if the actual construction of the structures had not yet commenced, Members could visit the reconstruction sites concerned to learn more about the reconstruction work, such as site formation. Officials responsible for receiving the delegation from the Legislative Council did not necessarily have to be of very high ranking.

28. The Chairman shared the view that Members should visit Sichuan and said that other officials could receive the delegation if mayors were not available.

29. Mrs Sophie LEUNG believed that Government officials would carry out substantive work during their visits to Sichuan. Although she wanted very much to visit Sichuan herself, she understood that a mere visit would not bring much substantive contribution. She further believed that the Sichuan side accorded high importance to the proposed visit by Members and wanted to choose project sites which could demonstrate that funds provided by Hong Kong were well spent and show Members the fruits of the reconstruction support work. SDEV thanked Mrs Sophie LEUNG for her views.

Selection of reconstruction support projects

30. Mr Albert CHAN said that he had visited Sichuan for four times and considered that affected peasants living in mountainous areas were the ones most in need. He said that funds should be well spent and queried whether funds had been set aside to provide assistance to those peasants to rebuild their homes. He found the scope of Hong Kong's reconstruction support work confusing. He was concerned about why the support projects to be undertaken by Hong Kong were not determined on the basis of the one-on-one support scheme adopted by other supporting provinces/municipalities, and requested the Administration to provide before the relevant Finance Committee meeting clarification on the matter, and explain how the reconstruction projects supported by Hong Kong were determined.

(Post-meeting note: The Administration's supplementary information (LC Paper No. CB(1)2111/08-09(01)) was issued to members on 30 June 2009.)

31. SDEV responded that Hong Kong's reconstruction support projects were determined rationally on a project basis. NGOs might have room to provide assistance to affected peasants living in mountainous areas. The Permanent Secretary for Constitutional and Mainland Affairs added that Appendix 1 to the Administration's progress report provided to the Panel for the special meeting on 3 February 2009 contained information on the relevant supporting provinces/municipalities for various earthquake stricken areas in Sichuan. The one-on-one support scheme by Mainland provinces/municipalities was targeted at individual affected counties in Sichuan and did not cover the entire municipality or prefecture. Some earthquake stricken areas did not have any corresponding supporting provinces/municipalities. Hong Kong's reconstruction support projects were mostly targeted at those areas without supporting provinces/municipalities.

32. Mr Albert CHAN considered that the Panel should hold another special meeting to further discuss the Administration's funding proposal. The Chairman said that Members could raise further questions when the relevant funding proposal was considered at the Finance Committee.

33. Mr IP Kwok-him said that he had visited the earthquake stricken areas three times and understood that the Sichuan side was taking the lead in coordinating the reconstruction support work. The support work proposed to be undertaken by various provinces/municipalities under the one-on-one scheme served as a general guide only.

Participation of non-governmental organizations

34. Mr Alan LEONG asked whether the Administration had devised any new mechanisms for NGOs' participation in the support work. Miss Tanya CHAN enquired about the degree of participation by NGOs in the support work and considered that there could be more participation from NGOs. Mr LEE Wing-tat said that he had received complaints from an NGO that for residential building reconstruction projects, the NGO had proposed to adopt a less expensive construction method but was not approved by the Sichuan side.

35. SCMA responded that more than 10 NGOs had participated in the reconstruction support work and 16 projects had been approved. Some of the projects involved the provision of services such as installation of prostheses and physiotherapy. The amount of funds reserved for NGOs was \$250 million, out of which \$169 million had been committed. The Sichuan side hoped that NGOs intending to participate in the reconstruction support work could identify a Mainland partner organization. Although the Hong Kong Government did not participate in the reconstruction of residential buildings, one NGO had obtained funding from the Trust Fund in Support of Reconstruction in the Sichuan Earthquake Stricken Areas to support the building of houses in affected villages. The Administration would reflect to the Sichuan side and contact the NGO concerned on the issue mentioned by Mr LEE Wing-tat. PSW added that there were set rules governing the requirements on the reconstruction of residential buildings so that there would be a uniform standard even if the reconstruction works were in different areas.

36. The Chairman said that Members' views would be reported to the Finance Committee when the relevant funding proposal was considered at its meeting on 3 July 2009. He urged the Administration to carefully consider Members' views.

II Any other business

37. There being no other business, the meeting ended at 6:25 pm.

Council Business Division 1
Legislative Council Secretariat
12 August 2009