

**立法會**  
***Legislative Council***

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**Finance Committee of the Legislative Council**

**Minutes of the 18th meeting  
held at the Legislative Council Chamber  
on Friday, 22 January 2010, at 3:00 pm**

**Members present:**

Hon Emily LAU Wai-hing, JP (Chairman)  
Prof Hon Patrick LAU Sau-shing, SBS, JP (Deputy Chairman)  
Hon Albert HO Chun-yan  
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP  
Hon LEE Cheuk-yan  
Dr Hon David LI Kwok-po, GBM, GBS, JP  
Dr Hon Margaret NG  
Hon James TO Kun-sun  
Hon CHEUNG Man-kwong  
Hon CHAN Kam-lam, SBS, JP  
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP  
Hon LEUNG Yiu-chung  
Hon WONG Yung-kan, SBS, JP  
Hon LAU Wong-fat, GBM, GBS, JP  
Hon Miriam LAU Kin-yee, GBS, JP  
Hon Andrew CHENG Kar-foo  
Hon Timothy FOK Tsun-ting, 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 Vincent FANG Kang, SBS, 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 LEUNG Kwok-hung  
Hon CHEUNG Hok-ming, GBS, JP  
Hon WONG Ting-kwong, BBS, JP  
Hon Ronny TONG Ka-wah, SC  
Hon CHIM Pui-chung  
Hon KAM Nai-wai, MH  
Hon Cyd HO Sau-lan  
Hon Starry LEE Wai-king  
Dr Hon LAM Tai-fai, BBS, JP  
Hon CHAN Hak-kan  
Hon Paul CHAN Mo-po, MH, JP  
Hon CHAN Kin-por, JP  
Hon Tanya CHAN  
Dr Hon LEUNG Ka-lau  
Hon CHEUNG Kwok-che  
Hon WONG Sing-chi  
Hon WONG Kwok-kin, BBS  
Hon WONG Yuk-man  
Hon IP Wai-ming, MH  
Hon IP Kwok-him, GBS, JP  
Hon Mrs Regina IP LAU Suk-ye, GBS, JP  
Dr Hon PAN Pey-chyou  
Hon Paul TSE Wai-chun  
Dr Hon Samson TAM Wai-ho, JP

**Members absent:**

Hon Fred LI Wah-ming, SBS, JP  
Dr Hon Philip WONG Yu-hong, GBS  
Hon LAU Kong-wah, JP  
Hon Andrew LEUNG Kwan-yuen, SBS, JP  
Hon Alan LEONG Kah-kit, SC  
Dr Hon Priscilla LEUNG Mei-fun

**Public officers attending:**

Professor K C CHAN, SBS, JP

Mr Stanley YING, JP

Ms Bernadette LINN, JP

Secretary for Financial Services and  
the Treasury

Permanent Secretary for Financial  
Services and the Treasury (Treasury)

Deputy Secretary for Financial  
Services and the Treasury (Treasury)<sup>1</sup>

Ms Elsie YUEN	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Professor Gabriel M LEUNG, JP	Under Secretary for Food and Health
Miss Gloria LO	Principal Assistant Secretary for Food and Health (Health)2
Mrs Marigold LAU LAI Siu-wan, JP	Director of Architectural Services
Mr Charles CHOW Chi-ping	Project Director (2), Architectural Services Department
Dr Joseph LUI	Cluster Clinical Co-ordinator (Quality & Safety), Kowloon West Cluster, Hospital Authority
Mr Donald LI	Chief Manager (Capital Planning), Hospital Authority
Ms Florence HUI Hiu-fai, JP	Under Secretary for Home Affairs
Mr David LEUNG Chun-wing, JP	Deputy Director of Home Affairs (2)

**Clerk in attendance:**

Mrs Constance LI	Assistant Secretary General 1
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**Staff in attendance:**

Ms Anita SIT	Chief Council Secretary (1)5
Miss Joanne FONG	Senior Council Secretary (1)7
Mr Frankie WOO	Senior Legislative Assistant (1)3
Ms Christy YAU	Legislative Assistant (1)1

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**Item No. 1 - FCR(2009-10)44**

**RECOMMENDATION OF THE PUBLIC WORKS SUBCOMMITTEE MADE  
ON 3 DECEMBER 2009**

The Chairman reminded members that an additional meeting had been scheduled for 5:05 pm of the same day to deal with any unfinished business on the agenda.

2. The Chairman said that the Committee would proceed to consider PWSC(2009-10)75, which was previously included in the agenda for the meetings on 15 and 16 January 2010 but was not dealt with due to insufficient time. As requested by the Public Works Subcommittee (PWSC) at its meeting on 3 December 2009, the item would be discussed and voted on separately at the Finance Committee (FC).

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The Chairman advised that the item sought to upgrade project 63MM to Category A at an estimated cost of \$2,482 million in money-of-the-day prices for the construction of phase 1 of the North Lantau Hospital (NLH).

3. Mr Albert CHAN said that he supported the NLH phase 1 project, and he saw no justification for postponing the consideration of the proposal at the last FC meeting when the consideration of the funding proposals relating to the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL) project had been completed. Mr CHAN expressed regret about the handling of this proposal. Mr TAM Yiu-chung commented that the proposal was postponed as a result of the filibustering tactic employed by some members in the discussion of the funding proposals on the XRL project.

Project estimate

4. Ms Cyd HO considered that there was urgency in taking forward the project, given the rapid growth of population in North Lantau. She nevertheless expressed concern about the substantial reduction by some 25% in the estimated capital cost for the NLH project (i.e. from \$3,200 million as stated in the Administration's submission to the Panel on Health Services in June 2009 to \$2,482 million in its submission to PWSC). Ms HO said that according to the Administration's explanation at the PWSC meeting on 3 December 2009, the lower-than-expected tender prices was mainly due to a decrease in construction material prices by 42% since September 2008. She had enquired at the PWSC meeting whether there was a similar cost reduction for similar government projects in the same timeframe, and had requested the Administration to provide a comparison of the cost items under the original and the current estimates, and information on the Government's building works tender price index.

5. The Director of Architectural Services (DArchS) explained that in accordance with the established procedure, the project proposal and the estimated project cost based on the September 2008 prices were submitted to the Panel on Health Services for consideration in June 2009. To expedite the delivery of the NLH, the Administration had invited tenders for the project in April 2009. Upon the return of the tender bids for the project in July 2009, the Administration had revised the project cost according to the successful bid price which was reflected in the submission to PWSC in December 2009.

6. Ms Cyd HO considered that other projects of similar magnitudes should also have a reduction in cost if tenders were invited in the same period. DArchS explained that it was difficult to generalize such cost reductions for different public works projects. Apart from price of construction materials, the tender price was determined by a host of factors such as the market conditions for particular types of works, location of project, and work complexity. Ms HO requested the Administration to provide information on the prices of contracts awarded vis-à-vis the estimated provision for these contracts in the approved project estimates for similar

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government building works projects during the same period. DArchS agreed to provide the information.

*(Post-meeting note: The relevant information provided by the Administration was issued to members vide LC Paper No. FC70/09-10 on 11 February 2010.)*

7. Referring to the estimated cost of \$400 million for "furniture and equipment (F&E)" under the project, Dr Joseph LEE observed that the indicative list of F&E items in Enclosure 6 of the Administration's paper did not cover items such as hospital beds, surgical beds, and operation theatre equipment. He also noted from Enclosure 3 that there were three lift shafts in the NLH phase 1 building but there was no indication of the number of lifts to be built in the building and no information on the lift service to meet the demand of visits during the peak hours. He asked whether other F&E items not included in Enclosure 6 and the construction of lifts in the NLH would require additional expenditure not covered by this proposal.

8. The Chief Manager (CP), Hospital Authority (CM(CP), HA) explained that Enclosure 6 was an indicative list of F&E items and only covered items with unit cost of \$1 million or above. He confirmed that the estimated cost of \$400 million for F&E covered all necessary F&E items for the hospital and there should be no need to seek additional funding for such items. As regards the provision of lifts at the hospital, DArchS advised that the Administration had taken into account the estimated people flows and other relevant requirements in designing the lifts of the hospital building. Coupled with effective administrative measures, the lift service in the NLH should be adequate to meet the demand at different hours. DArchS further said that the provision of lift service in newly built public hospitals had already been improved.

Accessibility of NLH

9. Mr WONG Kwok-hing requested the Administration to build a covered passageway along with the construction of the new road linking up Chui Kwan Drive and On Tung Street. DArchS advised that the Architectural Services Department (ArchSD) would work with the Food and Health Bureau to ascertain the need and feasibility of constructing a covered passageway.

10. Miss Tanya CHAN said that Members belonging to the Civic Party supported the proposal. She expressed concern about the provision of public transport services for access to the hospital from other areas on North Lantau, and whether there would be roads and pedestrian walkways to connect the hospital with the neighbourhood. Miss CHAN said that given the dense population in Yat Tung Estate, there should be greater transport service support between NLH and the Estate. As some residents had also raised concern about the transport service between the Tung Chung MTR Station and the proposed NLH, the Administration should keep the residents informed of the developments. Mr Albert CHAN requested the

construction of a covered walkway from Fu Tung Estate to NLH to facilitate the access of residents to the hospital.

11. The Under Secretary for Food and Health (USFH) said that the Administration would ensure availability of appropriate public transport services for access to NLH. As Yat Tung Estate was just one street away from NLH, the demand for public transport services for commutation between Yat Tung Estate and NLH would not be high. The Administration would look into the possibility of building a covered walkway between the Estate and the hospital. Public transport services were in place for residents in Fu Tung Estate to get to the hospital. DArchS said that ArchSD had completed the Traffic Impact Assessment of the area, and forwarded the results to the Transport Department for follow-up. CM(CP), HA supplemented that in line with the established transport arrangement for HA hospitals, there would be green minibus service connecting the local communities with NLH. HA would liaise with the Transport Department at an appropriate juncture regarding the transport arrangements.

#### Provision of medical services in Tung Chung prior to commissioning of NLH

12. Mr WONG Kwok-hing said that residents in Tung Chung had awaited the delivery of the NLH for a long time. The provision of a new hospital in North Lantau would benefit not only the residents in Tung Chung, but also the visitors of the Hong Kong Disneyland, Ngong Ping 360 and the Hong Kong International Airport. Mr WONG urged the Administration to expedite the construction of the hospital, and requested continuation of the special evening out-patient service currently provided to the Tung Chung community before NLH came into operation.

13. Mr LEE Wing-tat said that Members belonging to the Democratic Party supported the funding proposal. While urging the Administration to take forward the project in an expeditious manner, Mr LEE expressed concern about the provision of medical, accident and emergency (A&E) and late evening services in North Lantau before the commissioning of NLH.

14. USFH affirmed that the Administration would continue to provide the existing public medical services in North Lantau New Town including the special evening out-patient service before the commissioning of NLH.

15. Mr IP Wai-ming urged for the early commissioning of NLH to meet the needs of local residents, workers working on Lantau and tourists at Chek Lap Kok. As the residents in Tung Chung currently had to travel a long distance to Princess Margaret Hospital (PMH) for A&E services, Mr IP enquired whether HA would provide basic A&E services as part of the current medical services to the Tung Chung community before NLH came into operation. USFH responded that first aid services were available in communities and at the Hong Kong International Airport to provide basic medical treatment to those who were sick and sustained injury in accidents. Separately, A&E services required, among others, technical support such as X-ray

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examination and could therefore only be provided by A&E departments in hospitals. The Administration would ensure that PMH would continue to provide A&E services to the community until the delivery of NLH.

Provision of services at NLH

16. Mr Albert CHAN opined that NLH should provide specialist services for specialties, including regular follow-up treatment and check-up services, so that residents in Tung Chung would not need to travel a long distance to other hospitals for such services.

17. USFH responded that NLH would serve as a community hospital under the Kowloon West hospital cluster and would provide a wide range of hospital services to meet the demand for public hospital services in the North Lantau New Town (covering Tung Chung). Not all specialties were provided in each public hospital because specialist services for certain specialties had to be supported by a critical number of patients to ensure sustainability of the services. The services to be provided by NLH would include specialist services for a number of specialties with general demand. Specialist services for other specialties would be provided to residents in North Lantau New Town by other hospitals in the Kowloon West hospital cluster. Similar arrangement was adopted in other hospital clusters in the territory.

18. Dr PAN Pey-chyou said that Members belonging to the Hong Kong Federation of Trade Unions supported the proposal, since it was financially and physically burdensome for the low-income residents in the Tung Chung district, especially patients with chronic diseases, to travel long distances to the major hospitals in other districts for medical services. He also requested that sufficient healthcare professionals be deployed to provide services in NLH. USFH responded that the Administration always attached great importance to the well being of patients. The Administration would ensure that the medical needs of the local community were well taken care of in the planning of hospital services. There would be flexible deployment of resources to cater for the service needs of the Tung Chung community.

19. Citing the example of Yuen Long Pok Oi Hospital which only managed to provide hospital services a long time after the construction was completed, Mr TAM Yiu-chung enquired about the staffing arrangements when phase 1 of NLH was completed. USFH advised that there would be a sufficient supply of doctors to support the operation of NLH upon its commissioning. On the other hand, in light of the shortage of nurses in recent years, the Administration had taken active human resources management measures to enhance the retention and recruitment of nurses. The Administration had also increased the supply of nurses mainly through provision of training places for nurses in universities and HA's nursing schools. With hundreds of nurse graduates in around 2012 and 2013, the existing nurse shortage problem would be relieved at the time when NLH came into operation in late 2012.

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20. In reply to the Chairman, USFH clarified that phase 1 of the NLH project would provide a total of 180 beds, including 160 in-patient beds and 20 day beds for general surgeries/procedures.

Phase 2 of NLH

21. Mr Albert CHAN expressed concern about the possible introduction of public-private-partnership (PPP) in phase 2 of the NLH project. He urged the Administration to exercise great care in pursuing the arrangement as this could give rise to concerns about the transfer of benefits to private corporations, which would jeopardize the interests of patients and citizens.

22. USFH responded that the Administration had undertaken to build a public hospital with 180 beds under phase 1 of the NLH project, and to provide an additional 170 beds under phase 2 to meet the long-term demand for public hospital services on Lantau Island upon full development of the North Lantau New Town. The opportunity was taken of the phase 2 development to explore the introduction of PPP for the private sector to provide other medical facilities and services in the available area in addition to the 170 beds provided by the Government. The Administration was collecting feedback from the market through an expression of interest (EOI) exercise and would consider the best PPP model in the light of the feedback. In the event that PPP arrangement could not be materialized for phase 2, the Administration would still proceed with phase 2 of NLH as a public project to provide the additional 170 hospital beds required to meet the long-term demand of the community.

23. Ms LI Fung-ying said that while she supported the NHL project, she was also concerned about the impact of the proposed PPP on the phase 2 development of the hospital. She enquired how long it would take for the Administration to take a decision on the feasibility and mode of the PPP arrangement.

24. USFH advised that phase 1 of NLH would be sufficient to meet the demand for public hospital services for the projected population on Lantau Island by 2015. The development of phase 1 had also taken account of the fact that the Hong Kong International Airport and some major tourist attractions were situated in North Lantau. Phase 2 development of NLH was to meet the long-term demand for hospital services on Lantau Island upon full development of the North Lantau New Town. The Administration was collecting feedback from the market through the EOI exercise, which would take around three months. The Administration would take another six to nine months to study the feedback collected and to consider the best PPP model based on the feedback. It would then consult the relevant District Council and LegCo Panel. Based on this timeline, there should be sufficient time for drawing up any PPP arrangements in the phase 2 development plan. He reassured that in the event that PPP arrangement could not be materialized for phase 2, the Administration would still proceed with phase 2 of NLH as a public project to provide the additional 170 hospital beds.

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25. In reply to Ms Cyd HO, USFH reaffirmed that the additional 170 hospital beds to be provided under phase 2 of NLH would be publicly funded. The number of hospital beds to be provided by the private sector under the PPP would be decided by the future private service provider. He added that the possible PPP models might take the form of co-location of public and private components within the same buildings (i.e. vertical co-location) or in different buildings (i.e. horizontal co-location). The Administration would proceed with development of phase 2 of NLH in due course.

26. Dr LEUNG Ka-lau said that both the public and private medical and healthcare service sectors had much reservation about the introduction of PPP as there were concerns about transfer of benefits to private corporations and abuse of public funds. He said that the Panel on Health Services had passed a motion at a recent meeting urging the Administration to provide details of the PPP arrangements to the Panel, including the calculation of the relevant costs and service charges for the public and private services, so that the patients could make informed choices. He also expressed the view that the Government should not subsidize private hospitals with public funds and there should be high transparency in the cost calculations.

27. USFH responded that the Administration was gauging market response on the development of private hospitals at four reserved sites including any PPP proposal for the Lantau site which adjoined the site reserved for phase 2 development of NLH. The Administration would brief the Panel on Health Services in due course on the feedback received from the market through the EOI exercise and any PPP model based on the feedback. USFH advised that possible synergy could be brought about by the PPP arrangement. For example, the proximity of the public and private medical buildings would enable the sharing of certain medical services and facilities such as laboratory services and large medical equipment to enhance cost-effectiveness.

28. Mr LEUNG Kwok-hung expressed concern about the land use at the reserved site under the PPP arrangement. He said that in the case of a private hospital in Sha Tin, the Administration had allocated two hectares of land for the construction of a hospital, but eventually only about one hectare of land had been used for the purpose. He was therefore concerned that there might be transfer of benefits in the NHL phase 2 development under the PPP arrangement. In this connection, Mr LEUNG enquired about the accounting arrangements in respect of HA's outsourced services to the private sector under the PPP arrangement.

29. USFH said that the information on the private hospital case cited by Mr LEUNG was not available. On the development of phase 2, the Administration was open to suggestions on possible PPP models. He added that it was too early to discuss the accounting arrangements for the PPP, such as whether HA would outsource its services and whether the private medical organization would purchase services from HA.

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30. Mr LEUNG Kwok-hung enquired whether the Administration had made reference to relevant PPP models in other countries such as the United States, the United Kingdom and Sweden for the NHL phase 2 development. He considered that the Administration should draw on the strengths of overseas experiences in formulating a suitable PPP model for Hong Kong.

31. USFH responded that the Administration was open to suggestions on possible PPP models and thus had no preference to any particular model including those which had been implemented overseas.

32. In reply to the Chairman, USFH confirmed that the site reserved for private hospital development at Lantau, which adjoined the site reserved for phase 2 development of NLH, would primarily be used for hospital service only.

Employment opportunities arising from the project

33. Mr WONG Kwok-hing requested the Administration to urge the contractors for the NLH project to accord priority in employing Tung Chung residents. DArchS advised that, in line with the established practice for other works projects, ArchSD would encourage contractors to hire local residents for the project works.

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

**Item No. 2 - FCR(2009-10)43**

**HEAD 63 – HOME AFFAIRS DEPARTMENT**

• **Subhead 700 General non-recurrent**

**New Item "Enhancing Diversified Community Activities"**

35. The Chairman said that the Committee resumed discussion of item FCR(2009-10)43 which was carried over from the meeting on 4 December 2009. The item sought the Committee's approval of a new commitment of \$180 million for enhancing diversified community activities (the Fund).

36. Mr IP Kwok-him expressed support for the funding proposal which would promote local community's participation in organizing community activities to benefit the general public at the district level. He said that the criticisms made by some members at the FC meeting on 4 December 2009 that the proposed funding was to facilitate favouritism to pro-government political parties were groundless, because the Administration would devise a set of stringent guidelines modelled on the current "Manual on the Use of District Council Funds" (the Manual) to ensure proper use of funds by DCs.

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37. In response, Under Secretary for Home Affairs (USHA) assured members that the Administration would continue to adhere to the principles of fairness and prudence in its allocation of funds. Every effort would be made to ensure that the allocation and use of the proposed funding by DCs would be in compliance with the established guidelines.

38. Miss Tanya CHAN said that while the Civic Party agreed that the staging of diversified community activities would have a positive impact on the community, the Party was concerned about the fairness of the existing fund allocation mechanism of DCs. Noting that the Administration would draw up a set of guidelines modelled on the Manual with suitable modifications to reflect the objectives of the proposed funding, Miss CHAN called on the Administration to ensure that these guidelines would be strictly followed by DCs. Miss CHAN further said that the Civic Party had written to the Administration to follow up on the 13 successful appeal cases regarding decisions on applications for DC funds for community involvement activities in 2008-2009. She enquired whether the Administration would, in light of the appeal cases, review the existing application vetting and appeal mechanisms to avoid recurrence of similar problems.

39. USHA advised that for the proposed funding to be allocated to DCs, apart from the need to comply with the guidelines modelled on the Manual, DCs would vet the applications on the diversified community activities on the basis of the four themes, namely, "Sports for All", "Arts for All", "Cultural/Ecological Tourism for All" and "Care for All", and the three guiding principles of continuity, professionalism and inclusiveness. USHA further said that the existing fund allocation mechanism of DCs had proven effective, and the Administration would also conduct regular reviews to fine-tune the mechanism. On the rejected applications in the past, USHA explained that the main reasons for rejection were insufficient funds to cater for all applications, duplication of same kind of activities in the same exercise, etc. The existing appeal mechanism had worked well as evidenced by the fact that past appeal cases had been handled satisfactorily.

40. Regarding the 13 appeal cases in 2008-2009, Deputy Director of Home Affairs (2) (DDHA) advised that they had not been approved initially for technical reasons. For instance, certain expenditure items in the applications were not covered by the list of permissible items in the Manual, or the purpose of the proposed activities had not been clearly specified. These applications were subsequently accepted upon clarification or provision of additional information by the applicants.

41. Ms Cyd HO opined that the funding under the current proposal should be based on the population size of each district rather than an even distribution among the 18 districts. USHA responded that while an amount of \$108 million of the proposed funding would be allocated on an equal basis to the 18 DCs, i.e. \$6 million for each district, a sum of \$45 million would be for centrally coordinated activities including cross-district activities which would benefit residents living in districts with larger population size.

42. Ms Cyd HO said that while the objectives of the proposed funding was to promote the spirit of sportsmanship, arts appreciation and festive atmosphere through diversified community activities, some DCs might use the funds for opening and closing ceremonies and for hiring professional performers/pop singers for variety shows, which she considered were not conducive to attaining the said objectives or serving the best interests of local communities. She referred to the practice of the Central & Western DC of inviting cultural and arts groups and student bodies, instead of hiring professional artists/pop singers, to perform at local events. Such arrangements would contain the expenditure within reasonable range and facilitate community building. Referring to the guideline in Enclosure to FCR(2009-10)43 which specified that expenditure on purchase of souvenirs or gifts of a token nature should not exceed \$315 per item, Ms HO opined that such limit was still high and that more environmentally-friendly materials, such as certificates, should be used for souvenirs. Ms HO asked how the Administration would ensure prudent use of the proposed funding by DCs. She also questioned why the Administration had not provided information on the amount of payments to performers by DCs for community activities in the past, as requested by members at the FC meeting on 4 December 2009.

43. USHA responded that events such as opening and closing ceremonies served an important purpose of promoting community involvement in a joyful atmosphere, and they were only part of the community activities supported with Government funding. The Administration would publicize well-organized community involvement activities to DCs and activity organizers as exemplars for reference of future activities. An example was a drama recently funded by Kwun Tong DC, which was coordinated by a young director and performed by some 70 actors, of whom only two were professional actors while the others were students, housewives and the disabled in the community. The drama had been planned for six months and had been staged several times which were very well received. This kind of community involvement activities was conducive to the promotion of social cohesion at the district level. As regards DCs' payments to performers at community events in the past, USHA advised that the Administration did not have such information since grantees were not specifically requested to provide such information. If members considered such information necessary, the Administration would start collecting the information for future activities/projects including those to be supported under the current proposal.

44. Mr WONG Kwok-hing expressed support for the proposal and urged for using environmentally-friendly and less costly materials as souvenirs for community activities. He also urged for compliance with the fund allocation procedures as recommended by the Independent Commission Against Corruption to prevent fraud and corruption. USHA advised that there was a four-tier monitoring mechanism, namely, submission of a report by the grantee on completion of an activity/programme to the DC Secretariat, random on-site visits by DC members or Home Affairs Department (HAD) staff, public scrutiny, and reporting to the Independent

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Commission Against Corruption where necessary. She also agreed to require DCs to use environmentally-friendly materials for souvenirs and prizes.

45. Mr WONG Kwok-hing enquired about the number, nature and duration of the jobs that would be created through the community activities supported by the current proposal. USHA estimated that some 3 000 job opportunities would be created in various sectors.

46. Mr Paul TSE said that he was agreeable to the four themes and three guiding principles for the community activities to be organized by DCs. He considered that those DCs having organized outstanding community activities should be rewarded with additional funding for undertaking new initiatives to benefit the communities further. However, he did not support hiring professional artists to perform in community activities as this would add substantially to the cost of the events. Noting that \$18 million (i.e. 10% of the Fund) had been earmarked for employing contract staff to assist DCs and HAD in implementing the community programmes/activities, Mr TSE enquired about the job nature of the contract positions and whether the Administration would accord priority to employing students, fresh graduates and "After 80" youngsters for these positions.

47. USHA advised that in implementing the diversified community activities, the Administration aimed to promote employment and the local economy. HAD would use 10% of the Fund to employ contract staff for coordinating, administering and promoting projects for centrally organized activities, and for providing assistance in implementing the diversified community activities in districts funded by DCs. For those activities funded by DCs, grantees might use up to 25% of the funding support to employ staff to carry out the funded activities, such as tour docents, event coordinators and coaches, etc. These positions would create job opportunities to youngsters.

48. On the employment of young people in community projects and activities, DDHA supplemented that HAD had upgraded the facilities of some community halls for small-to-medium sized arts troupes to stage performances for the local community. These arts troupes would also provide outreach programmes and workshops for the community. It was the Administration's plan to recruit volunteers/workers of young age in implementing these community activities.

49. In reply to Mr Paul TSE, USHA advised that the assessment panel to be appointed by the Secretary for Home Affairs would be tasked to advise on the broad allocation of 25% of the Fund under HAD's disposal for organizing thematic activities centrally coordinated by the government departments. Persons with expertise in relevant fields such as tourism, sports and arts would be appointed as non-official members of the assessment panel.

50. Mr LEE Cheuk-yan said that he was against the proposed new commitment of \$180 million to fund diversified community activities, as he observed

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that many of the suggested community activities overlapped with the existing community activities organized/funded by government bureau/departments, DCs and other publicly funded bodies. He opined that the Administration should leverage existing establishments/mechanisms by providing them with additional funds to foster programmes around the themes of "Sports for All", "Arts for All", "Cultural/Ecological Tourism for All" and "Care for All". Mr LEE pointed out that there were already many tea gatherings organized or funded by DCs purported to foster care for singleton elderly in the community, and it would be more worthwhile to provide more direct assistance such as household clean-up for the singleton elderly. He also commented that the employment opportunities to be created would only be temporary positions.

51. USHA said that the proposed one-off funding sought to create short-term jobs and stimulate local economic activities through community programmes/activities, which would plant seeds for more diversified community activities of similar nature in future. Of the estimated 3 000 jobs to be created, most of them would be jobs offered by those local organizations which obtained funding from DCs to organize diversified community activities under the current proposal. Only a small number of contract staff were to be employed by HAD to assist DCs in implementing the community programmes/activities. Mr LEE's suggestion of launching a household clean-up campaign for the singleton elderly suited the theme of promoting a caring community and could be considered as one of the thematic activities.

52. Mr LEUNG Kwok-hung commented that the proposed funding of \$108 million to be allocated to DCs was a political tool to offer favours to pro-government parties and organizations, such as the Democratic Alliance for the Betterment and Progress of Hong Kong, under the pretence of community building. He had doubts about the Administration's sincerity in creating jobs through the proposed funding. He pointed out that if the \$180 million was to be used for creation of jobs, a greater number of job-seekers would benefit.

53. USHA stressed that as provided in clause 6.3.2 of the Manual, the offices of LegCo Members, DC members, political parties and associations were not eligible for applying for DC funds. She pointed out that of the 7 258 projects funded by DCs in 2008-2009, 5 359 were organized by NGOs, 931 by DCs in partnership with NGOs, and 137 by government departments. She also advised that apart from creation of jobs, the community activities to be launched under the proposal would also bring benefits in other areas to local communities.

54. Dr Joseph LEE noted from the Administration's paper that for the diversified community activities to be supported by DCs, where the approved project fund exceeded \$600,000, the income and expenditure statement submitted by the grantee should be supported by a report prepared by a certified public accountant (CPA). Where the approved project fund was \$600,000 or below, the grantee might submit the income and expenditure statement together with the original copy of

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supporting receipts or with a CPA report. He asked about the reasons for setting the threshold at \$600,000, and not requiring the grantee to submit the receipts to support the income and expenditure statement. DDHA clarified that for all approved community projects, the activity/programme organizers would have to submit the income and expenditure statements for the project. In view of the large number of receipts that would be generated in organizing large-scale community activities, the activity/programme organizers would be allowed to appoint a CPA for keeping and auditing the accounts of the community activities. If a CPA report was available, there would be no need to submit the original copy of the receipts. As regards the mechanism for appointing accountants for community activities, DDHA advised that to ensure prudent use of public funds, the guidelines for DCs would specify the requirement that at least five written quotations must be obtained for the procurement of any service with an estimated value exceeding \$50,000. The Chairman added that as set out in the Enclosure to the Administration's paper, open tendering would be required for procurement of goods and services exceeding \$1.3 million.

55. Dr Joseph LEE urged that more concrete criteria should be drawn up for DCs to follow in vetting applications from local organizations, and that clear guidelines be provided for interested local organizations to prepare applications for DC funds for staging community activities. He also requested for an account on the utilization of funds, with information on the activities/programmes conducted, the organizations granted with funds, and the impact of the activities on job creation (with details on the number of man-hours involved). USHA advised that the Administration would provide relevant information in a report to the Panel on Home Affairs at the end of the 2010-2011 financial year.

56. Citing his personal experience as a former DC member, Mr LEE Wing-tat said that DCs had been criticized for the high expenses for staging large-scale opening ceremonies. He pointed out that some DCs would spend \$300,000 to \$1 million on a large-scale event such as Kwai Tsing Festival and Tsuen Wan Festival, while other DCs would spend up to \$500,000 on a single performance or programme or \$1 million to \$1.5 million for programmes jointly organized with television companies. He opined that DCs should encourage performances by local organizations, rather than engaging commercial event organizers such as television companies to stage events at high costs. The latter arrangement might also be susceptible to corruption, given the non-transparent fee structure of pop singers/professional performers. He expressed the view that DCs' fund accounts should be subject to the audit examination of the Audit Commission, and requested USHA to undertake not to grant funding for large-scale opening ceremonies especially those organized in partnership with production companies, as it was a waste of public money to stage such activities.

57. USHA said that some 7 258 community involvement activities of different scales were funded by DC funds in 2008-2009. Of these activities, only 8% was related to festive celebrations and activities, while others were related to culture and art, civic education, environmental protection, health and hygiene, and recreation and sports. Cross-district large-scale diversified community activities which might

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include opening ceremony would be organized to benefit local residents of the community. It would not be desirable to impose restrictions on setting an expenditure limit on these activities.

58. Mr LEE Wing-tat said that he was more concerned about the proper use of public funds rather than favouritism at the district level. Referring to his previous request for information on the itemized expenditure of two large-scale events held by the Kwai Tsing DC, he said that the District Officer had responded that there was privacy concern and it was necessary to obtain the consent of the event organizers before releasing the information to him. He had strong reservations about the reply and would pursue the matter further with the Kwai Tsing DC. Mr LEE requested the Administration to make available the accounts on DC-funded activities for public inspection.

59. USHA undertook to follow up the case mentioned by Mr LEE. DDHA advised that in line with the established practice, information on the itemized expenditure of DC events was available for public inspection at the secretariat offices of the District Councils.

*(Post-meeting note: The Administration's reply was circulated to members on 24 February 2010 vide LC Paper No. FC73/09-10.)*

60. Mr CHEUNG Hok-ming said that as Chairman of Tai Po DC, he was perplexed by some members' criticisms about the use of funds by DCs for staging community events, as such criticisms were very unfair to DC members. Mr CHEUNG stressed that there were adequate control and monitoring measures in place to prevent misuse of funds by DCs. With an annual funding provision from the Government, DCs would allocate funds to its committees having regard to their scope of work. The largest portion of funds was for providing transport allowance to the local community to encourage participation in activities organized by Mutual Aid Committees. Mr CHEUNG pointed out that the underprivileged and grassroots residents could not afford the shows held at the Hong Kong Coliseum. The events launched by DCs with performance by professional artists had provided these residents with an opportunity to appreciate quality shows, such as the "Tai Po Occupational Safety & Health Concert" organized by Tai Po DC jointly with the Radio Television Hong Kong at Tai Po Stadium. The event was very successful with full attendance.

61. Noting that the proposed funding was one-off in nature and aimed to, inter alia, stimulate local economic activities, Mr CHEUNG Hok-ming asked whether the Administration would provide further one-off funding to DCs to support community activities if the projects funded under the current proposal proved to be successful. He remarked that the grassroots population could not benefit immediately from the economic recovery, and continued funding for diversified community activities could sustain the jobs created at the district level. USHA replied that the proposed one-off funding served to encourage well-organized community activities at the district level,

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and these activities would become a benchmark for DCs and activity/programme organizers to follow in future. If DCs identified some successful activities under the current proposal, they could decide to provide continued support to these activities through their annual provisions from the Government. Given the unpredictability of the local economic conditions, the Administration had no plan at this stage to commit another one-off funding for the purpose of sustaining diversified community activities.

62. Mr WONG Yung-kan declared that he was member of Tai Po DC and expressed support for the proposal. He said that having been a DC member for 20 years, it had always been his mission to serve the public. One of the roles of DCs was to monitor the use of public resources in community involvement activities. The proposed one-off funding to DCs was for supporting local organizations to stage community events to stimulate local economy and benefit local residents, and would in no way facilitate favouritism. He considered that Mr LEUNG Kwok-hung had made groundless criticisms against the Democratic Alliance for the Betterment and Progress of Hong Kong. He pointed out that there were some DC-funded activities with traditional themes, such as the Dragon Boat Race, which were well received by the public, and these were very worthwhile projects despite the costs for staging such activities.

63. At 5:00 pm, the Chairman announced the adjournment of the meeting, and reminded members that the next meeting would start at 5:05 pm of the same day.

Council Business Division 1  
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