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Finance Committee of the Legislative Council

**Minutes of the 28th meeting
held at the Legislative Council Chamber
on Friday, 28 May 2010, at 5:05 pm**

Members present:

Hon Emily LAU Wai-hing, JP (Chairman)
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Hon LEE Cheuk-yan
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
Dr Hon Philip WONG Yu-hong, GBS
Hon LAU Kong-wah, JP
Hon Miriam LAU Kin-yee, GBS, JP
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, SBS, JP
Hon LI Fung-ying, BBS, 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 Andrew LEUNG Kwan-yuen, SBS, 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 CHAN Kin-por, JP
Dr Hon Priscilla LEUNG Mei-fun
Hon WONG Sing-chi
Hon WONG Kwok-kin, BBS
Hon IP Wai-ming, MH
Hon IP Kwok-him, GBS, JP
Hon Mrs Regina IP LAU Suk-yea, GBS, JP
Dr Hon PAN Pey-chyou
Dr Hon Samson TAM Wai-ho, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Hon Tanya CHAN
Hon Albert CHAN Wai-yip
Hon WONG Yuk-man

Members absent:

Prof Hon Patrick LAU Sau-shing, SBS, JP (Deputy Chairman)
Hon Albert HO Chun-yan
Dr Hon David LI Kwok-po, GBM, GBS, JP
Hon Fred LI Wah-ming, SBS, JP
Hon LEUNG Yiu-chung
Hon WONG Yung-kan, SBS, JP
Hon LAU Wong-fat, GBM, GBS, JP
Hon Andrew CHENG Kar-foo
Hon Timothy FOK Tsun-ting, GBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon Jeffrey LAM Kin-fung, SBS, JP
Hon CHEUNG Hok-ming, GBS, JP
Hon CHIM Pui-chung
Hon Paul CHAN Mo-po, MH, JP
Dr Hon LEUNG Ka-lau
Hon CHEUNG Kwok-che
Hon Paul TSE Wai-chun

Public officers attending:

Ms Julia LEUNG Fung-ye, JP	Acting Secretary for Financial Services and the Treasury
Mr Stanley YING, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Ms Alice LAU, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) ¹
Ms Elsie YUEN	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Mr LAI Tung-kwok, SBS, IDSM, JP	Under Secretary for Security
Ms Sally WONG, JP	Commissioner for Narcotics, Security Bureau
Mr Eric LEE	Principal Assistant Secretary for Security (Narcotics) 2
Mr Charlix WONG Shing-hei	Assistant Director of Accounting Services (Provident Funds), The Treasury
Dr Kitty POON, JP	Under Secretary for the Environment
Mr Carlson K S CHAN	Deputy Director of Environmental Protection (3)
Mr MOK Wai-chuen	Assistant Director (Air Policy), Environmental Protection Department
Mr MAK Chai-kwong, JP	Permanent Secretary for Development (Works)
Mr Enoch LAM, JP	Deputy Secretary for Development (Works) 2
Mr LEE Shing-see, GBS, OBE, JP	Chairman of Construction Industry Council
Mr Charles WONG	Director (Training) of Construction Industry Council

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. 4 - FCR(2010-11)18

**HEAD 151 – GOVERNMENT SECRETARIAT :
SECURITY BUREAU**

Subhead 700 General non-recurrent

New Item “Injection into the Beat Drugs Fund”

The Committee continued discussion on the item.

2. Mr CHAN Hak-kan said that he supported the proposal. Citing the successful pilot anti-drug schemes launched by district organizations with emphasis on promoting youth’s health, Mr CHAN urged the Administration to give support to similar activities under the proposed Beat Drugs Fund (BDF). Mr CHAN also highlighted the well-received innovative project of using Chinese medicine for drug treatment initiated by the Hong Kong Baptist University as an example, and suggested that the assessment panel of BDF should be receptive to piloting and innovative projects.

3. In response, the Under Secretary for Security (US for S) advised that BDF would support worthwhile projects. Representatives from the medical sector sitting on the Action Committee Against Narcotics (ACAN) could advise on proposed projects aiming at meeting the health rehabilitation needs of drug abusers'. The assessment panel comprising ACAN and its subcommittee members would keep an open mind in considering innovative project proposals.

4. Mr CHAN Hak-kan said that while BDF would provide support to the drug treatment and rehabilitation centres (DTRCs) in carrying out improvement and expansion works of the centres, some of the centres might still have difficulties in fulfilling the licensing requirements under the Drug Dependent Persons Treatment and Rehabilitation Centres (Licensing) Ordinance (Cap. 566) and other statutory requirements such as fire safety, building regulations, etc. He enquired if the Security Bureau would render

assistance to DTRCs by coordinating with the relevant government departments on DTRCs' fulfilment of various statutory requirements.

5. US for S and the Commissioner for Narcotics (C for N) advised that the Social Welfare Department was the approving authority for the licensing of DTRCs under Cap. 566. The Narcotics Division of Security Bureau would render assistance to DTRCs in their liaison with the relevant government departments regarding DTRCs' fulfillment of various statutory requirements. With the injection of \$3 billion into BDF and the widening of the scope of projects that could be sponsored by the Fund, DTRCs could apply for funding to appoint an Authorized Person, who should be a building professional, to take care of the licensing matters.

6. Mr LEUNG Kwok-hung expressed concern about the anticipated increase in the workload of ACAN members in vetting project proposals and monitoring approved projects following the proposed injection into BDF. Referring to paragraph 23 of FCR(2010-11)18, he sought clarification on the allocation of ACAN members to care-take projects seeking substantial amount of funding or lasting for a period of more than two years.

7. US for S and C for N advised that for each round of fund allocation exercise of BDF, project proposals seeking a grant of below \$500,000 would be considered by a small assessment panel comprising three members. For project proposals seeking a grant of \$500,000 and above, members of ACAN and its sub-committees, totalling about 30 persons, would form an assessment panel to consider the proposals. Only those projects involving substantial funding or lasting for a period of more than two years would be care-taken by ACAN members. Two to three ACAN members would be invited to oversee the implementation of each of such projects. BDF secretariat would provide administrative support to the ACAN members, including assessment of applications and monitoring of projects. The Security Bureau would consider strengthening the manpower provision for BDF secretariat with regard to the operational experience after the \$3 billion injection into the Fund.

8. Mr LEUNG Kwok-hung and the Chairman expressed concern over whether ACAN members and BDF secretariat could cope with the future increase in workload. The Chairman requested the Administration to provide progress reports to the Panel on Security on the operation of BDF, including the arrangements for assessing the applications and monitoring of projects by ACAN members, and the staffing of BDF secretariat.

9. Dr PAN Pey-chyou enquired about the management of BDF, in particular the arrangements for investment of the Fund. The Assistant Director

of Accounting Services (Provident Funds) advised that the Beat Drugs Fund Association (BDFA), which was a company formed to manage BDF, determined the investment and disposal of funds from BDF on the advice of ACAN. BDFA was chaired by the Permanent Secretary for Security with three non-official members and two official members, namely C for N and Director of Accounting Services. BDFA had set up an investment subcommittee chaired by the Director of Accounting Services, with members comprising C for N and non-official members from the business, finance and accountancy sectors. The investment subcommittee gave advice on investment strategies and made recommendations on the appointment of external investment managers for consideration by BDFA. The investment subcommittee also monitored the performance of the investment managers, ensuring that their performance was in compliance with the investment strategies approved by BDFA. The management fee was about 0.3% of the Fund. BDFA adopted prudent and low-risk investment strategies with a view to securing the capital base and attaining target investment returns in the long term, thereby maintaining a healthy cash flow of the Fund.

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

Item No. 5 - FCR(2010-11)19

HEAD 44 – ENVIRONMENTAL PROTECTION DEPARTMENT

Subhead 700 General non-recurrent

New Item "One-off grant to encourage early replacement of Euro II diesel commercial vehicles with new ones complying with the prevailing statutory emission standard"

11. The Chairman advised that the Committee's approval was sought for the creation of a new commitment of \$539,400,000 for providing a one-off grant to encourage owners of Euro II diesel commercial vehicles to replace their vehicles with new ones that complied with the prevailing statutory emission standard. The Chairman also informed members that the following submissions just received had been issued to members by fax and were also tabled at the meeting -

- (a) submission from 各區旅運巴士同業聯會，中港澳直通巴士聯會 and 公共巴士同業聯會 (LC Paper No. FC112/09-10(01)); and

- (b) submission from 香港巴士業供應商聯會 (LC Paper No. FC112/09-10(02)).

12. Ms Audrey EU, Chairman of the Subcommittee on Improving Air Quality, reported that the Subcommittee had discussed the proposal on 10 March and 11 May 2010. There were divergent views among Subcommittee members and the relevant trades. During the Subcommittee discussions, members expressed concern that the proposed incentive scheme would end up with a low take-up rate, as in the case of the previous scheme launched in April 2007 for replacement of pre-Euro and Euro I diesel commercial vehicles (the 2007 Scheme). Some members indicated that they could not support the current proposal as some important issues had yet to be resolved, such as the technical problems of Euro IV vehicles and the proposed grant level was not attractive enough. In short, Subcommittee members were concerned that the current proposal could not achieve its objective.

13. The Under Secretary for the Environment (US(Env)) responded that the proposed scheme would benefit the owners of some 27 300 licensed Euro II diesel commercial vehicles. Some affected owners had urged for its early implementation. As the oldest Euro II diesel commercial vehicles had now entered their 13th year of operation, early replacement of these vehicles would contribute to improvement of air quality by reducing the emissions of respirable suspended particulates and nitrogen oxides. Replacement of these old vehicles could save the owners high maintenance costs and the need for a major vehicle examination for coaches. US(Env) explained that the low take-up rate of the 2007 Scheme was attributable to the financial crisis and the downturn of the economy at the time. Between 2007 and 2010, about 40% of pre-Euro and Euro I diesel commercial vehicles had been replaced. The take-up rate was considered acceptable.

The proposed grant levels

14. Ms Audrey EU said that the Civic Party considered that the Administration should increase the grant levels under the proposed scheme, in order to provide sufficient incentives for owners of Euro II diesel commercial vehicles to make early replacement of their vehicles.

15. Mr KAM Nai-wai said that at the meeting of the Subcommittee on Improving Air Quality on 11 May 2010, he had expressed objection to the Administration putting the proposal to the Finance Committee (FC), in view of the many inadequacies of the proposed scheme and the low take-up rate of the previous schemes. He criticized the Administration for not taking heed of Members' suggestions on possible improvements to the scheme, such as

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extending the eligibility for the one-off grant to those vehicle owners who opted to scrap their aged vehicles without replacement, and providing higher grants for replacing their vehicles at an early stage. However, in view of the urgent need to improve Hong Kong's air quality, he and other Members belonging to the Democratic Party reluctantly supported the present proposal.

16. US(Env) advised that about 7 000 vehicles were scrapped due to normal wastage in the last three years. It would not be prudent use of public resources for the Administration to subsidize vehicle owners to scrap their vehicles without replacement. As regards the suggestion of providing higher grants for owners who chose to replace their vehicles earlier, she explained that since the proposed scheme would last for only 36 months, an incremental incentive arrangement would complicate the scheme and cause confusion to vehicle owners. It would also lead to discontent of those vehicle owners who could not opt to replace their vehicles earlier due to various reasons.

17. Mr CHAN Hak-kan said that while there were inadequacies in the proposed scheme, he considered that from an environmental protection angle, the proposed scheme would help reduce vehicle emissions. However, he requested the Administration to consider raising the grant levels or introducing additional incentives or else the take-up rate under the scheme would not be high given that the prices of second-hand Euro II vehicles were higher than the incentive payments.

18. US(Env) said that the Administration had considered the suggestion of increasing the grant levels, but remained of the view that the grant levels currently proposed were reasonable. While the proposed level of subsidy (i.e. 18%) was the same as that for the 2007 Scheme, the actual amounts had reflected the price increase of vehicles in recent years. The proposed grant levels were also comparable to those under similar schemes of overseas countries such as Japan and the United Kingdom. She advised that the incentive payments should not be based on second-hand vehicle prices which were subject to fluctuation and varied among different models.

Technical problems of Euro IV diesel commercial vehicles

19. Ms Audrey EU said that the Civic Party considered that it would be irresponsible for the Government to launch the proposed scheme when the technical problems of some Euro IV diesel commercial vehicles remained unresolved. She asked about the progress in resolving these technical problems. Ms EU further said that while the expected take-up rate under the proposed scheme might not be high, she would support the proposal for environmental protection.

20. US(Env) advised that the technical problems were largely resolved, and only one model of minibus was found to have technical problems. Efforts were being made by the vehicle manufacturer to solve them. The Assistant Director (Air Policy), Environmental Protection Department (AD(Air Policy), EPD) elaborated that there were currently two minibus suppliers in Hong Kong. The problem encountered by the major minibus supplier, which had 90% of the market share, was associated with the particle reduction device, which was a new technology, for the Euro IV minibuses. This problem had been solved in early 2009. Similar problems were also encountered by the 32 Euro IV minibuses provided by the other minibus supplier. The Administration had been helping the minibus trade to follow up with the supplier, who had reported that there was improvement to the situation. The Administration would continue to follow up the problems of these 32 Euro IV minibuses.

21. Mr LEE Wing-tat enquired if similar technical problems had been found and reported in other types of Euro IV vehicles apart from minibuses, and whether technical support would be provided by the relevant government departments when technical problems were encountered by the trades. US(Env) affirmed the Administration had not been aware of complaints from the trades on Euro IV vehicles other than Euro IV minibus. AD(Air Policy), EPD advised that EPD had been following up the problem with the support of the Transport Department and the vehicle manufacturers had sent their engineers from Japan to study the problems.

22. Ms Miriam LAU said that it was unacceptable that there were still unresolved technical problems with Euro IV vehicles. The transport trades had complained that there were technical problems for other types of Euro IV vehicles including public buses and trucks, and they sought assistance from the Transport Department since their vehicles needed frequent repairs. The Euro V vehicles had not been thoroughly tested out before they were put on the market. Given these circumstances, the transport trades were reluctant to join the proposed scheme. Nonetheless, given that some trades, especially buses, expected expeditious implementation of the scheme, she would still support the scheme. She urged the Administration to act vigilantly in tackling the technical problems with Euro IV and Euro V vehicles.

Pre-Euro and Euro I diesel commercial vehicles early replacement scheme in 2007

23. Ms Miriam LAU criticized the Administration for its refusal to extend the application deadline of 31 March 2010 for eligible owners to replace their pre-Euro and Euro I diesel commercial vehicles under the 2007 Scheme.

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She urged the Administration to extend the current proposal to owners of pre-Euro and Euro I vehicles and also provide subsidies to those owners who scrapped their pre-Euro and Euro I diesel commercial vehicles without replacement.

24. US(Env) advised that having regard to Members' views, the Administration had earlier made special arrangement under the 2007 Scheme to help eligible owners who had already placed orders for new replacement vehicles that could not be delivered on time or who could not complete preparations for applying for the one-off grant before the application deadline of 31 March 2010 to retain their eligibility for the grant. Considering that there were still many pre-Euro or Euro I vehicles on the road, Mr CHAN Kin-por suggested that the Administration should deploy the unspent funds for the 2007 Scheme to provide further incentive measures to encourage owners of these vehicles to replace or scrap these vehicles. The Chairman asked about the number of pre-Euro and Euro I diesel commercial vehicles still running on the road. The Deputy Director of Environmental Protection (3) (DDEP) replied that when the 2007 Scheme was launched, there were about 60 000 of such vehicles. Over the past three years, 30% of them (i.e. around 17 000) had joined the scheme, while 7 000 to 8 000 vehicles had been scrapped. The Administration was looking into possible options to expedite the replacement of the remaining 60% or about 36 000 of the pre-Euro and Euro I diesel commercial vehicles such as raising vehicle licence fees, introducing low emission zones, and imposing restrictions on polluting vehicles from entering busy roads, etc.

25. Mr CHAN Kin-por noted that the emission of pollutants from pre-Euro diesel commercial vehicles was four times that of Euro II diesel commercial vehicles, and urged the Administration to introduce incentive measures to expedite the scrapping of these vehicles. DDEP responded that as discussed many times at the meetings of the Panel on Environmental Affairs and the Subcommittee on Improving Air Quality, the Administration's position was that since the incentive schemes aimed at helping vehicle owners who needed the vehicles to continue their business, acquiring replacement vehicles should be a prerequisite for obtaining the grant under the schemes.

Disincentive measures to promote early replacement of aged polluting vehicles

26. Expressing concern about the possibility of increasing the licence fees for aged commercial vehicles after the expiry of the 2007 Scheme and the proposed scheme, Mr CHAN Hak-kan asked if the Administration would give advance warning before introducing such punitive measures. Ms Miriam LAU

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expressed objection to introducing such disincentive measures as it was unfair to the trades.

27. US(Env) advised that the Administration proposed to adopt a multi-pronged approach, including both incentive measures (such as the 2007 Scheme and the current Scheme, setting up low emission zones, and installation of devices for low emission on public buses) and disincentive measures (such as increasing vehicle licence fees) to improve air quality. The proposal to raise the licence fees for aged commercial vehicles had been discussed by the Panel on Environmental Affairs but the Panel was not supportive of the measure. The proposal was brought up again recently at the Subcommittee on Improving Air Quality, and the Subcommittee considered it untimely to consider the proposal.

Major vehicle examination for 12 year-old Euro II diesel commercial vehicles

28. Regarding the suggestion of exempting those Euro II diesel commercial vehicles entering the 13th year of operation from the major vehicle examination requirement and replacing it with an annual examination requirement, Ms Miriam LAU enquired about the specific arrangements being contemplated.

29. Ms LI Fung-ying welcomed the suggestion of waiving the major vehicle examination requirement for this group of vehicles as this would save the trades about \$40,000 to \$60,000 examination fees. She requested the Administration to undertake to listen to the views of the trades when drawing up the arrangements.

30. US(Env) and AD(Air Policy), EPD advised that the Transport Department was actively considering the request of the trades on the exemption of Euro II coaches entering the 13th year of operation from the major vehicle examination requirement, on the condition that the vehicle owners would participate in the replacement scheme. The Administration would proceed to work out the specific arrangements following FC's approval of the funding proposal for the scheme.

Replacement vehicle prices

31. Ms LI Fung-ying expressed concern that the proposed scheme would end up benefitting the vehicle dealers who would take advantage of the scheme by driving up the prices of the new vehicles. Ms LI said that based on the figures supplied by the trades, there had been a sharp price increase of some replacement vehicles in the past year. She asked how the Administration

would assist the trades to guard against unethical profiteering by vehicle dealers upon implementation of the scheme.

32. AD(Air Policy), EPD advised that the free market policy was effective in ensuring competition and preventing monopolization and unreasonable prices. The Administration had been encouraging vehicle dealers to bring in new vehicle types and models suitable for use in Hong Kong. Recently, new types of buses had been introduced into Hong Kong. DDEP added that while some vehicle dealers had introduced Euro V vehicles which cost 3% to 5% more than Euro IV vehicles, implementation of the proposed scheme should not result in an unreasonable increase in the vehicle prices as the market was competitive. He added that the Administration had implemented other measures to help owners of aged polluting vehicles to replace their vehicles, such as first registration tax concession for Euro V vehicles and the Pilot Green Transport Scheme.

Review of the one-off grant scheme for replacing Euro II diesel commercial vehicles

33. Ms Miriam LAU asked whether the Administration would review the proposed scheme after some time of operation, and provide higher grants if the take-up rate was not satisfactory. US(Env) advised that during the implementation of the scheme, which was scheduled to last for 36 months, the Administration would maintain close liaison with the trades and follow up on their views and concerns. The Administration would also closely monitor the operation of the scheme during the 36 months.

Conclusion

34. In concluding, the Chairman requested the Administration to consider the issues raised by members including the measures for phasing out pre-Euro and Euro I vehicles, and to follow up the issues with the Panel on Environmental Affairs.

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

Item No. 5 - FCR(2010-11)20

HEAD 159 – Government Secretariat: Development Bureau (Works Branch)

Subhead 700 General non-recurrent

New Item "Investing in Construction Manpower"

36. The Chairman advised that the Committee's approval was sought for a new commitment of \$100 million to support the latest effort of the Construction Industry Council (CIC) to enhance training and trade testing for prospective fresh blood and in-service construction personnel, and to enhance promotion and publicity activities to attract more people to join the industry.

37. Mr WONG Sing-chi said that he supported the proposal. Referring to the high accident rate of the construction industry, he opined that it was of utmost importance to inculcate the knowledge of industrial safety among new entrants/young trainees and in-service personnel of the construction industry. In this regard, he enquired if CIC would make use of the proposed funding to provide training on industrial safety.

38. The Permanent Secretary for Development (Works) (PS(W)) advised that the Administration attached great importance to ensuring the safety of construction workers in their work environment, and had made continual efforts in this regard. The safety in construction sites, particularly those for public works projects, had improved significantly. During the past 10 years, the accident rate in public works construction sites dropped from 55 per 1 000 workers to 11 per 1 000 workers in a year, while the overall accident rate in all works construction sites had dropped from 198 per 1 000 workers to 56 per 1 000 workers over the period. With the provision of the proposed funding, CIC would strengthen training on occupational safety for newcomers and in-service personnel in the industry.

39. The Director (Training) of Construction Industry Council (D(Training), CIC) advised that in each of the training centres of CIC, new entrants were provided with training on work safety. After the training, each trainee would have the knowledge and skills to protect themselves during their work. During construction site attachments, instructors would pay visits to the trainees on site to give such safety advice or take corrective action as necessary. The instructors would also observe whether employers had provided adequate safety equipment and adopted proper work procedures to ensure safety of the trainees. The CIC Training Academy currently provided more than 20 safety courses for in-service construction personnel, including general safety courses

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and safety courses for some specialized job types. To strengthen safety management, the Committee on Construction Site Safety of CIC was looking at providing safety training to all senior and frontline management staff of contractors and consultants working at construction sites. Besides, CIC had actively provided safety seminars and participated in promotional activities organized by the Occupational Safety and Health Council and the Government. CIC would continue its efforts on all these fronts to promote workers' safety in construction sites.

40. Ms LI Fung-ying said that she supported the funding proposal to enable CIC to enhance training for in-service construction personnel and provide incentives to attract young people to join the industry. However, she opined that more efforts were required to improve the working conditions and address the various problems, such as wage arrears, evasion of Mandatory Provident Fund contributions by employers, of the construction industry.

41. Dr PAN Pey-chyou said that as reflected by some members of the construction workers unions, the wage arrears problem had improved in recent years, but it was still an issue in the industry. He urged the Administration to step up efforts to address the many problems associated with the sub-contracting system in the industry.

42. PS(W) advised that the Administration had been working diligently with the industry to improve the practices of the construction industry. Following the Budget Speech of the Financial Secretary in February 2010, the Administration, in collaboration with CIC and the construction industry, had drawn up a series of measures to improve the practices of the industry such as introducing best practices to further enhance safety, working environment and conditions in construction sites. Sub-contracting was limited to two tiers in public works contracts. Besides, there was a voluntary sub-contractors registration scheme in the construction industry which also facilitated the Administration in the management of sub-contracting. There was an annual award scheme, namely the "Considerate Contractors Site Award" scheme, to recognize the good work practices adopted by contractors in operating construction sites. The good practices of the company awardees would be shared with the industry.

43. As regards the problem of wage arrears, PS(W) advised that the Administration had been liaising closely with CIC and the Hong Kong Construction Association to tackle the problem. According to available information, complaints about wage arrears had considerably decreased in recent years. The problem of wage arrears was not common in public works projects. In cases of wage arrears in public works projects, the Government

would deduct the wages in arrears from the payments due to the relevant main contractors for reimbursement to the workers concerned. The Government, however, had no authority to regulate the contracts for private works projects. The role of CIC was to encourage the private construction sector to adopt similar practices in private works projects. Cases of wage arrears involving a breach of provisions in employment contract would be dealt with by the Labour Department.

44. Citing his experience of recovering only part of the wage arrears from a contractor, Mr LEUNG Kwok-hung questioned the effectiveness of deduction of payment from a contractor for paying back the wages in arrears to workers. PS(W) and the Deputy Secretary for Development (Works) 2 (DS(Works)) explained that the Government was entitled to make such a deduction of payment from the contractor concerned according to the provisions of the relevant public works contracts. Specifically, public works contracts contained provisions that a Labour Relations Officer should be stationed in the public works construction site to address and look into, among other things, complaints of wage arrears. If a case of wage arrears was confirmed on the ruling of the Labour Tribunal, the Government would provide the wage directly to the affected worker by deducting the payment from the main contractor concerned.

45. Ir Dr Raymond HO agreed that the Labour Relations Officer arrangement would help ease the tension between the contractor and workers in construction sites, and suggested that such officer should be recruited by the Government rather than the contractor to ensure independence of the Labour Relations Officer. Dr PAN Pey-chyou shared similar views. PS(W) said that he would consider Ir Dr HO's suggestion.

46. Mr LEE Cheuk-yan expressed concern about the effectiveness of the incentive measures to attract young people to join the industry, given the many unresolved issues such as the poor working conditions at construction sites, poor site safety, wage arrears, and multi-layer subcontracting which were prevalent on non-public works construction sites. He urged the Administration to work in collaboration with the industry to tackle the problems at root, and set aside a certain percentage of the project budget for enhancing site safety. He also urged for a mandatory registration system for all subcontractors, and measures to assist ethnic minorities to join the industry.

47. The Chairman of Construction Industry Council (C, CIC) and D(Training), CIC responded that since its establishment in 2007, CIC had been building up the capacity and exerting its efforts to address the problems of construction site safety and wage arrears with a view to improving the image of

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the industry. Recently, CIC had developed guidelines on site management practices for the private sector and the guidelines would be issued in a few months. In response to the issue of facilitating ethnic minorities to receive construction training, the CIC Training Academy had started to develop a number of training courses in English. The first one on metal formwork erection was well received. Four other training courses were being considered to be rolled out in the near future. In reply to Mr LEE Cheuk-yan's further enquiry, D(Training), CIC advised that the minimum number of trainees enrolled on a training course had been reduced from 12 to six, while the enrolment ceiling was 15 for each class. A new training centre had been set up at Tin Shui Wai in 2009 to facilitate the trainees of ethnic minorities in the northwest New Territories to receive training.

48. Mr LEE Cheuk-yan said that in-service workers found it inconvenient to carry with them all the individual registration cards in order to work in construction sites. He enquired if the Administration would consider issuing a single electronic card for the workers, and if so, the timetable for full implementation of such measure.

49. PS(W) and DS(Works) advised that the Administration had been liaising with the Construction Workers Registration Authority about the feasibility of issuing an integrated smart-card for construction personnel working in construction sites. It was found that there were various statutory provisions requiring workers to carry with them specific cards for entering into construction sites and/ or engaging in certain construction activities. Currently, upon renewal of their worker registration cards issued by the Construction Workers Registration Authority, workers would be provided with a new smart-card that would contain certificate of their Mandatory Basic Safety Training Course (Green Card) for them to work in construction sites. The Administration would continue its efforts in combining other trade test certificates of workers.

50. Ir Dr Raymond HO commented that following the enactment of the Construction Industry Council Ordinance (Cap. 587) in 2007, there had been some improvements in the work culture of the construction industry. He urged CIC to further its efforts in promoting and publicizing construction site safety and good work practices of the industry among the stakeholders and the public. PS(W) advised that there had been some improvements over the years with the various initiatives introduced by the Administration and CIC. A total of 93 firms, which represented a large percentage of the major contractors, had agreed to participate in the training schemes under the present proposal. The positive response from the contractors demonstrated the support of the whole industry in bringing about a new work culture of the construction industry.

51. Mr Abraham SHEK declared that he represented the "Real estate and construction" functional constituency. He agreed that there had been improvements in the work culture of the construction industry in recent years. The Hong Kong Construction Association and the Real Estate Developers Association of Hong Kong had set up safety teams to ensure the safety of workers in construction sites. With the joint efforts of construction workers unions, CIC and interested individuals, a relief fund had been set up to provide immediate relief to families of victims of serious accidents in construction sites.

52. Mr IP Kwok-him said that Members belonging to the Democratic Alliance for the Betterment and Progress of Hong Kong supported the proposal. In view of the acute ageing problem of the workforce in the construction industry, there was an urgent need to attract more young people to join the industry through various measures. He urged the Administration to enhance the self image of construction workers and draw on successful overseas experience in this regard. He welcomed the improvements achieved in the area of wage arrears in the construction industry.

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

54. The meeting was adjourned at 7:05 pm.