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Legislative Council

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Finance Committee of the Legislative Council

Minutes of the 8th meeting
held at the Conference Room 1 of the Legislative Council Complex
on Friday, 6 January 2012, at 3:45 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
Dr Hon David LI Kwok-po, GBM, GBS, JP
Hon Fred LI Wah-ming, SBS, 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 Kong-wah, JP
Hon LAU Wong-fat, GBM, GBS, 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, SBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
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 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 Paul CHAN Mo-po, MH, JP
Hon CHAN Kin-por, JP
Dr Hon Priscilla LEUNG Mei-fun, JP
Dr Hon LEUNG Ka-lau
Hon CHEUNG Kwok-che
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-ye, GBS, JP
Dr Hon PAN Pey-chyou
Hon Paul TSE Wai-chun, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Hon Tanya CHAN

Members absent:

Hon LEE Cheuk-yan
Dr Hon Philip WONG Yu-hong, GBS
Hon Andrew CHENG Kar-foo
Hon Timothy FOK Tsun-ting, GBS, JP
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon Starry LEE Wai-king, JP
Dr Hon LAM Tai-fai, BBS, JP
Hon CHAN Hak-kan
Dr Hon Samson TAM Wai-ho, JP
Hon Albert CHAN Wai-yip
Hon WONG Yuk-man

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)
Dr York CHOW, GBS, JP	Secretary for Food and Health
Mr Richard YUEN, JP	Permanent Secretary for Food and Health (Health)
Mr Chris SUN	Deputy Secretary for Food and Health (Health) Special Duties
Ms Doris HO Pui-ling, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 3
Mr LEUNG Koon-kee, JP	Director of Architectural Services
Mrs Priscilla TAM DAI Wai-ming	Project Director (1), Architectural Services Department
Mr Alan SIU Yu-bun, JP	Government Property Administrator
Mr LAM Chik-man	Senior Property Manager (Acquisition, Allocation and Disposal) Office and Special Duties, Government Property Agency
Mr Ricky CHUI Kin-ming, JP	Assistant Director of Leisure and Cultural Services (Finance)
Mr Raymond HO Kam-biu	Senior Labour Officer (Labour Inspection), Labour Department
Miss Bella MUI Bun-ngar	Principal Assistant Secretary for Security (B)
Mr LAM Kwok-leung	Assistant Commissioner of Correctional Services (Operations)
Mr CHAN Chi-hung	Departmental Transport Officer, Correctional Services Department
Mr LEUNG Man-chiu	Senior Maintenance Manager, Marine Department
Mr YU Ying-wai	Senior Surveyor of Ships (Government New Construction), Marine Department

Clerk in attendance:

Ms Anita SIT

Chief Council Secretary (1)5

Staff in attendance:

Ms Annette LAM

Chief Council Secretary (1)7

Mr Daniel SIN

Senior Council Secretary (1)7

Miss Queenie LAM

Senior Legislative Assistant (1)2

Mr Frankie WOO

Senior Legislative Assistant (1)3

Ms Christy YAU

Legislative Assistant (1)8

The Chairman advised that the arrangement for members to use the "request to speak" system installed in Conference Room 1 would continue to be tried out at this meeting. The Finance Committee (FC) would consider adopting the arrangement and relevant amendment to the FC Procedure at a later stage.

Item No. 1 - FCR(2011-12)62

**RECOMMENDATIONS OF THE ESTABLISHMENT
SUBCOMMITTEE MADE ON 7 DECEMBER 2011**

The Chairman advised that the Establishment Subcommittee (ESC) had recommended that the item EC(2011-12)13 discussed at the ESC meetings on 7 December 2011 should be considered and voted on separately at the FC meeting.

3. The Chairman put the remaining items EC(2011-12)10 to 12 to vote. The Committee approved the items.

EC(2011-12)13

HEAD 140 – GOVERNMENT SECRETARIAT:

FOOD AND HEALTH BUREAU (HEALTH BRANCH)

Subhead 000 Operational expenses

4. The Chairman advised that the item sought FC's approval to create one supernumerary Administrative Officer Staff Grade B post and one supernumerary Administrative Staff Grade C post for three years in the Health

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Branch of the Food and Health Bureau to take forward the Health Protection Scheme (HPS) proposal, conduct a strategic review on healthcare manpower planning and professional development and facilitate healthcare service development based on the outcome of public consultation on healthcare reform.

5. Mr CHEUNG Man-kwong said Members belonging to the Democratic Party (DP) had voted against the proposal at ESC. Pointing out that the fees of private hospitals were not regulated at present, Mr CHEUNG said that DP was concerned that committing \$50 billion to the proposed HPS would fuel medical inflation and cause brain-drain of healthcare professionals from the public sector to the private sector. The healthcare service market would be polarized into a high-end market serving largely wealthy patients and a subsidized public healthcare sector lacking the necessary manpower and resources to meet increasing demand pressure. The local public had a legitimate expectation to receive quality healthcare services, and they should be given priority in receiving the services. In the deployment of \$50 billion earmarked funding, the Administration should place emphasis on enhancing public healthcare services instead of focusing on promoting private health insurance.

6. Secretary for Food and Health (SFH) said that the Administration shared Mr CHEUNG's view that the local public should have priority in receiving public healthcare services. The proposed Healthcare Planning and Development Office (HPDO) would help strengthen the regulation of the private healthcare sector by formulating a supervisory framework for the proposed HPS. In disposing the four reserved sites for private hospital development, the Administration would impose appropriate conditions such that the healthcare services provided by those future private hospitals could well meet the healthcare needs of the middle-class people in Hong Kong.

7. Mr CHAN Kin-por said that he supported the proposal, which was to seek FC's approval to create posts for setting up the HPDO to take forward the proposed HPS and other healthcare reform measures. At present, about 2.5 million people in Hong Kong had taken out health insurance, and many middle-class people held high expectation on the proposed HPS. Mr CHAN considered that the proposed HPS was instrumental in enhancing the private health insurance system in Hong Kong, and it was worthwhile to commit the \$50 billion earmarked funding for implementing the scheme. He remarked that the \$50 billion earmarked funding was intended to be spent over 25 years, rather than in one-go.

8. Ir Dr Raymond HO said that he voted for the proposal when it was considered by ESC. The proposed HPDO required sufficient staffing support

to develop implementation plans for the HPS, review the healthcare manpower strategy, and facilitate the development of the healthcare services industry. The Office would also help gather essential information to enable Legislative Council Members to consider whether or not to support the proposed HPS and decide how the \$50 billion earmarked funding should be used.

9. Mr LEUNG Yiu-chung said that the proposed HPS would unlikely attract wide support from the middle-class community, as the proposed voluntary health insurance scheme could not address their concerns. He criticized the Administration for only offering the HPS model rather than providing a few more options for the public to choose. Mr LEUNG further criticized that the Administration had not addressed the healthcare needs of the grassroot community. For instance, it was not willing to replace the recorded-message telephone booking system by deploying actual persons to respond to public enquiries. The Administration also had not responded to the request of the Tin Shui Wai community for a public hospital to reduce the waiting time for specialist services. He urged the Administration to allocate more resources to the healthcare services for the grassroot community.

10. SFH advised that the Administration had taken active steps to respond to the healthcare needs of the community and had devoted considerable resources to maintain the public healthcare safety net for the community. More than 90% of in-patients in Hong Kong were served by public hospitals, and recurrent Government expenditure on health had been increased by about 40% over the past four years, which exceeded other policy areas and out-paced inflation. Decisions had already been made on the construction of the Tin Shui Wai Hospital and various hospital extension projects. Besides, the North Lantau Hospital Phase I would be commissioned by phases starting from the 3rd quarter of 2013. Referring to the tasks of the HPDO, SFH remarked that both the public and private health service sectors would benefit from the work of the proposed HPDO. The resource implications of HPDO were slight compared to the current size of Government's expenditure on health and the community's spending on private healthcare services. He appealed to members to support the item.

11. Mr Alan LEONG said that the Civic Party (CP) was concerned that, with the implementation of HPS, the healthcare service sector would be split into two layers serving, respectively, those with health insurance and those without. He asked whether the resources being sought for setting up HPDO would be wasted, if the HPS eventually turned out to be not viable, such as when there was insufficient subscription to the HPS, or if the Administration failed to reach agreement with private hospital governing bodies on the regulation arrangements. He asked how the Administration would make the

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best use of the experience and information gathered from HPDO to improve the healthcare system.

12. SFH said that he was confident that the work of HPDO in the coming three years would provide useful indicators on how private healthcare services and medical charges should be regulated, disregard of whether the HPS proposals would be eventually accepted by the community. The HPDO would also develop strategies for the supply and development of healthcare professionals, and devise mechanisms for adjustments of the healthcare system to meet changing healthcare needs of the community. There was wide community support for the Administration's efforts in these directions, and the HPS would only be implemented after adequate discussions in the community.

13. Dr PAN Pei-chyou said that Members belonging to the Federation of Trade Unions (FTU) supported the proposal. Noting that the several rounds of public consultations had been conducted on healthcare reform proposals over the past few years, he commended the Administration for the serious efforts taken. He considered that there was general awareness in the community for the need of reform in the healthcare system, and the public was generally supportive of the introduction of a voluntary healthcare insurance scheme. Dr PAN opined that the Administration's proposal to set up HPDO was reasonable and would be conducive to developing a better healthcare information system. Notably, the HPDO would formulate a supervisory framework for the proposed HPS, which would enable more effective monitoring of the private healthcare sector. He added that consideration should be given to replacing the two proposed supernumerary posts with permanent posts in due course.

14. Dr PAN expressed concern that many healthcare services, including out-patient, specialist services, pre-natal, post-natal, and maternal and child care services, were still overloaded and understaffed despite the fact that the Administration had continued to provide new resources over the years. He queried if the Administration had overlooked these problems.

15. SFH acknowledged that there were problems with the healthcare sectors that could not be completely resolved within a short period, and the Administration would not rely solely on the HPS to solve the long term development issues of healthcare services. He stressed that the Administration would continue to provide resources and manpower to improve public healthcare services. The Hospital Authority (HA) would also mobilize its resources to address various issues flexibly. SFH affirmed said that it remained the Administration's responsibility to maintain and strengthen the public healthcare safety net for the whole community.

16. Mrs Regina IP said that one of the objectives of implementing healthcare reform was to improve primary healthcare services. She asked how much of the \$50 billion earmarked funding would be used to promote this objective, and how the Administration would use the funding to improve specialist services and to address the present imbalance between the public and private healthcare sectors. She remarked that if primary healthcare services, including Chinese medicine service, were well developed and well delivered, the demand for hospital care would be reduced, and the overall public expenditure on healthcare would be much lower.

17. SFH advised that the Administration would make use of the \$50 billion fiscal reserve earmarked to provide financial incentives for implementing HPS. The HPDO was expected to formulate in three years' time, amongst others, various options on how the \$50 billion funding should be utilized. In arriving at decisions, the Administration would consider how best the earmarked funding could be deployed to offer better protection to the public, especially for those who had bought health insurance. As regards primary healthcare services, SFH advised that the Administration had been increasing the level of recurrent commitment on primary healthcare services. Recent initiatives included extension of the Elderly Health Care Voucher Pilot Scheme and implementation of various vaccination subsidy schemes. The Administration would continue to provide financial support to the long-term development of primary care, having regards to various considerations.

18. In response to Mrs Regina IP's enquiry on the meaning of "incentives for healthcare financing" in this context, SFH explained that while many of the working population enjoyed private health insurance provided by their employers, they might not be able to do so after their retirement. It was the Administration's intention to consider whether support measures (such as saving plans or subsidy schemes) should be introduced to help these people obtain insurance coverage after their retirement. One of the tasks of the HPDO was to work out the relevant details.

19. Mr CHAN Kam-lam said that Members belonging to the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) fully supported the proposal. Discussions on healthcare reform and healthcare financing had been going on over the past 10 to 20 years, without a decisive breakthrough until the Administration began to explore development of a healthcare insurance scheme. A dedicated office with the proposed staffing support was necessary to help map out the direction and implementation arrangements for the proposed HPS and the long-term development of the healthcare system in Hong Kong. He hoped that the HPDO would complete the proposed tasks in two years and

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draw on the experience of other developed countries in conducting its studies. Mr CHAN added that the \$50 billion earmarked to support healthcare reform was not to be used in one go, and the amount could not be expected to solve all problems in the healthcare system. The Administration would still have to spend some 17% of the public expenditure each year on healthcare services, and would still have to address the shortage of healthcare professionals and medical facilities.

20. Ms Audrey EU said that all along, Members belonging to CP were inclined to support staffing proposals for the conduct of necessary policy studies. For the present proposal, CP supported the two initiatives pertinent to healthcare manpower planning and development and regulation of private healthcare services. CP however was not yet convinced about the benefits of the proposed HPS, as CP was concerned that resources were deployed to promote voluntary healthcare insurance at the expense of public healthcare services. Ms EU queried why the Administration had to bundle together the implementation of the HPS, healthcare manpower strategy review and regulation of the private healthcare sector.

21. SFH said that the two latest rounds of public consultation on healthcare reform revealed broad-based community support for a voluntary and government-regulated health insurance scheme. Although many people had acquired health insurance, some health insurance products in practice did not offer genuine protection. It was necessary for the Administration to examine how the health insurance market should be regulated and monitored. In this regard, the HPDO would examine the provision of healthcare services in the private sector and the overall manpower supply of healthcare professionals, with a view to ensuring adequate manpower supply for both the public and private healthcare sectors, formulating an appropriate supervisory framework for private health insurance, and striking a proper balance between public and private healthcare for the long-term development of the healthcare system.

22. Dr LEUNG Ka-lau said that when the proposal was discussed at the Panel on Health Services on 24 November 2011, nine Panel members voted for the proposal and five voted against it. He said that the public was most dissatisfied with the long waiting time for Hospital Authority's (HA) services despite the large amount of subvention from the Government each year. The current subvention policy did not encourage HA to shorten service waiting time, as HA would otherwise have no justification for seeking more resources from the Government. He asked if the Administration had a dedicated unit to monitor the operation of HA.

23. SFH advised that the Administration would continue to provide resources to HA to meet the community demand for healthcare services. The directors of the HA Board were appointed by the Administration with the responsibility to monitor HA's operation and use of resources. The Administration was represented in the board. In addition, there were also internal audit and monitoring mechanisms within HA. Compared with overseas healthcare organizations, HA was, on the whole, cost-effective.

24. There being no further questions, the Chairman put the item to vote. At the request of Mr CHEUNG Man-kwong, the Chairman ordered a division. A total of 30 members voted for and 10 members voted against the funding proposal. The votes of individual members were as follows:

For:

Ir Dr Hon Raymond HO Chung-tai
Dr Margaret NG
Mrs Sophie LEUNG LAU Yau-fun
Mr LAU Kong-wah
Ms Miriam LAU Kin-yee
Ms LI Fung-ying
Mr Vincent FANG Kang
Dr Joseph LEE Kok-long
Mr WONG Ting-kwong
Mr Paul CHAN Mo-po
Dr Priscilla LEUNG Mei-fun
Mr WONG Kwok-kin
Mr IP Kwok-him
Dr PAN Pey-chyou
Mr Alan LEONG Kah-kit
(30 members)

Dr David LI Kwok-po
Mr CHAN Kam-lam
Mr WONG Yung-kan
Mr LAU Wong-fat
Mr TAM Yiu-chung
Ms Audrey EU Yuet-mee
Mr WONG Kwok-hing
Mr CHEUNG Hok-ming
Prof Patrick LAU Sau-shing
Mr CHAN Kin-por
Dr LEUNG Ka-lau
Mr IP Wai-ming
Mrs Regina IP LAU Suk-yee
Mr Paul TSE Wai-chun
Ms Tanya CHAN

Against:

Mr Albert HO Chun-yan
Mr James TO Kun-sun
Mr LEUNG Yiu-chung
Mr LEE Wing-tat
Ms Cyd HO Sau-lan
(10 members)

Mr Fred LI Wah-ming
Mr CHEUNG Man-kwong
Frederick FUNG Kin-kee
Mr KAM Nai-wai
Mr WONG Sing-chi

25. The Chairman declared that the Committee approved the proposal.

Item No. 2 - FCR(2011-12)63

**RECOMMENDATIONS OF THE PUBLIC WORKS
SUBCOMMITTEE MADE ON 14 DECEMBER 2011**

26. The Chairman advised that the Public Works Subcommittee (PWSC) had recommended that the item discussed at the meeting on 14 December 2011, i.e. PWSC(2011-12)35, should be considered and voted on separately at this Finance Committee (FC) meeting.

27. The Chairman put the remaining items of FCR(2011-12)63 (i.e. PWSC(2011-12)33-34 and PWSC(2011-12)36-42) to vote. The Committee approved these items.

PWSC(2011-12)35

HEAD 703 – BUILDINGS

Government Office – Intra-governmental Services

**109KA – Construction of Trade and Industry Tower in Kai Tak
Development Area**

28. The Chairman advised that the item sought FC's approval to upgrade project item 109KA to Category A at an estimated cost of \$2,645.1 million in money-of-the-day prices for construction of the Trade and Industry Tower (TI Tower) in the Kai Tak Development Area (KTDA).

Procurement approach

29. Prof Patrick LAU said that while he supported the construction of the proposed TI Tower in KTDA, he was concerned that the project would be implemented through a design and build (DB) contract. He asked whether the contractor, consultant or Government's in-house staff would be responsible for preparing technical drawings, conducting testing and verification, and works monitoring.

30. Director of Architectural Services (DArchS) confirmed that the proposed TI Tower project would be implemented through a DB contract. The contractor would be required to engage a consultant, who must be an Authorized Person registered in Hong Kong, to carry out project design and works supervision. The Administration would work closely with the contractor and its consultant to monitor the progress and quality of the project.

31. Prof Patrick LAU said that under the DB mode, the contractor was allowed to select building materials to fit its budget, whereas under other procurement modes, such decisions were made by the project architects or engineers. Pointing out that the professional sectors had reservations over the DB mode and that the DB mode was rarely practiced in the other parts of the world, he queried the justifications for using the DB mode for the TI Tower project.

32. DArchS said that there were different procurement options for public works projects. The Government might design the project in-house or engage an independent architect to carry out the project design before tendering out the construction works. Under the DB mode, the contractor would engage an architect to design and co-ordinate works implementation. Each option had its merits and demerits, and there were many other factors affecting the performance of a project. The Architectural Services Department would review the various contractual arrangements with the construction sector with a view to identifying areas for further improvement.

33. DArchS supplemented that the recently commissioned Customs Headquarters Building in North Point was implemented using a DB contract and the results of the project were very satisfactory. Prof Patrick LAU remarked that he had visited the building and found many defects which could be attributed to the use of the DB mode.

Provision of private vehicle parking spaces

34. Mr CHAN Kam-lam said that Members belonging to DAB supported the proposal. Noting that only five car parking spaces would be provided in the TI Tower for public use, he was concerned that the provision would be insufficient to meet the demand. As KTDA played an important role in the development of Kowloon East as Hong Kong's second central business district, Mr CHAN said that the public should be able to access the area by private vehicles rather than rely on the Shatin Central Line (SCL) or public transport alone. Besides, there was severe shortfall of car parking spaces in San Po Kong and Wong Tai Sin. Although he was aware that a public car park would be provided in the adjacent comprehensive development area in the long term, and that two adjacent sites to the proposed TI Tower would be used as a temporary car park providing a few hundred parking spaces, he considered that sufficient permanent parking facilities should be provided in the proposed TI Tower to meet the needs of the visitors of the TI Tower.

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35. Deputy Secretary for Financial Services and the Treasury (Treasury) 3 (DS(Tsy)3) advised that the Administration had reviewed the provision of car parking spaces in the proposed TI Tower after the PWSC meeting on 14 December 2011. Apart from the temporary car parking spaces to be provided in the two adjacent sites, another 600 parking spaces would be provided in the nearby developments. In the longer term, about 360 more parking spaces would be provided in the comprehensive development area south of the proposed TI Tower.

36. DS(Tsy)3 supplemented that KTDA would be designed and built as an environmentally-friendly city and the Administration encouraged the use of public transport in accessing the TI Tower. Nevertheless, the Administration acknowledged the necessity to address the need for parking spaces of those visitors who chose to access the TI Tower by private vehicles. The Administration was prepared to provide public parking spaces in the TI Tower provided that such provision would not unduly affect works progress or involve large increase in project cost. To this end, five additional car parking spaces would be provided in the TI Tower for visitors' use.

37. Ms Miriam LAU said that unless private vehicles would not be permitted inside KTDA, the Administration should provide enough car parking spaces in the proposed TI Tower to meet the needs of visitors. She noted that among the 1 400 car parking spaces available in the immediate vicinity of the TI Tower, around 1 100 of them were temporary parking spaces which would no longer be available when the sites were developed. She asked if the Administration would consider building an extra basement level to provide more parking spaces at the TI Tower site. As regards the Administration's suggestion that the public should access KTDA by public transport, Ms LAU commented that the area was not conveniently served by public transport and that the SCL station, which would not be in operation until 2018, was quite far away from the proposed TI Tower.

38. DS(Tsy)3 said that provision of more underground car parking spaces would increase the project cost substantially by as much as \$15 million for extending the basement to accommodate a few more additional parking space. The SCL Kai Tak Station would be located about five to 10 minutes' walking distance from the proposed TI Tower. Depending on the demand for parking spaces, more parking facilities might be provided when developing the adjacent sites for government office buildings.

39. Mr WONG Ting-kwong said that he supported the funding application. He referred to the difficulties he experienced in finding a parking space in Mong Kok when attending meetings of the Small and Medium-sized

Enterprise Committee in the Trade and Industry Department Tower, and queried why the Administration did not take the opportunity of constructing the new TI Tower to provide adequate parking spaces for visitors. Mr WONG suggested that if due to site and other constraints the Administration could not revise the design of the TI Tower to provide more public parking spaces, it should include more parking spaces for public use when planning the government offices buildings in the adjacent sites.

40. DS(Tsy)3 said that apart from the 800 open-air parking spaces available close to the TI Tower site, 600 more parking spaces were available in the neighbourhood. The two sites adjacent to the proposed TI Tower that would be used as temporary car parks were scheduled to be handed over for development in 2016. She added that there might be scope for releasing certain parking spaces designated for government use in the TI Tower for visitors' use, if the five visitor car parking spaces were not sufficient to meet the demand.

Pedestrian linkage with the proposed TI Tower

41. Mr Alan LEONG was concerned that residents from the nearby residential and public housing developments would have difficulties in accessing the community hall in KTDA due to poor pedestrian linkage facilities. Although he had raised concerns at the PWSC meeting, it appeared that no improvement had been made in this regard. Ms Miriam LAU considered the street and road networks around the proposed TI Tower rather convoluted, and asked if the Administration would provide proper pedestrian facilities linking the SCL station to the TI Tower.

42. DS(Tsy)3 advised that the planning of KTDA was pedestrian-oriented. During the planning process, particular emphasis had been given to providing sufficient pedestrian facilities and ensuring close connectivity between KTDA and the adjacent areas. Referring to Enclosure 7 to paper PWSC(2011-12)35, DS(Tsy)3 said that there would be three pedestrian passages providing direct access to the TI Tower. An existing pedestrian subway linking the proposed TI Tower and a private residential development through the San Po Kong Exchange would be refurbished. An elevated barrier free access running across Prince Edward Road East to the TI Tower was under construction. Another pedestrian footbridge and subway connecting the site and the Rhythm Garden would also be provided.

43. Mrs Regina IP asked which party would be responsible for the maintenance of the pedestrian subways and elevated accesses just mentioned by

DS(Tsy)3. DS(Tsy)3 replied that as the facilities were public works projects, the maintenance responsibility would rest with the Government.

44. There being no further question, the Chairman put the item to vote. The Committee approved the proposal.

Item No. 3 - FCR(2011-12)64

HEAD 95 – LEISURE AND CULTURAL SERVICES DEPARTMENT

Subhead 000 Operational expenses

45. The Chairman advised that the item sought FC's approval for a supplementary provision of \$78.488 million under Head 95 Leisure and Cultural Services Department (LCSD) Subhead 000 Operational expenses to meet additional expenditure for government service contracts in 2011-12 arising from the implementation of the Statutory Minimum Wage (SMW).

46. Mr WONG Kwok-hing said that Members belonging to the Federation of Trade Union (FTU) supported the funding proposal. He however remarked that the posts which were being filled by contract workers should have been held by civil servants. Since the abolition of the two municipal councils, the Administration had contracted out many municipal services and some 9 300 non-civil servant contract (NCSC) workers had been employed under much less favourable service conditions. Mr WONG said that the Administration should review the policy of contracting out government services and recruitment of NCSC staff. He explained that the use of contract workers had affected the quality of government services, as in the Happy Valley Recreation Ground where the trees were almost pruned to bare branches. Mr WONG heard from LCSD's frontline staff that contractors were only allowed a few minutes to prune a tree but their workers were not trained to carry out tree maintenance duties. Mr WONG asked if LCSD would reduce the ratio of contract workers and replace them by civil servants.

47. Mr LEUNG Yiu-chung said that he had all along been against the idea of filling civil servant positions by NCSC workers, because their terms and conditions of service were less favourable than their civil servant counterparts. Pointing out that middle-rank NCSC staff were often exploited, he suggested that the Administration should consider converting these NCSC staff to civil servants.

48. Assistant Director of Leisure and Cultural Services (Finance) (AD(Finance)) said that LCSD had rigorous mechanisms to monitor the

performance of contractors. In April 2011, LCSD rescinded the management contracts of the Island East Sports Centre and Tai Kok Tsui Sports Centre and had created 62 civil servant posts to enhance the life guard service in public swimming pools. He clarified that tree maintenance in the Happy Valley Recreation Ground was carried out by civil servants in LCSD and the Department had been monitoring the conditions and health of the trees closely after having received relevant complaints.

49. Mr LEUNG Kwok-hung criticized the Administration for having overlooked the need to factor-in SMW implications when estimating the cost of government service contracts, and urged the Administration to review critically whether the contracting out arrangement had improved the performance of government services. He commented that it was a mistake for LCSD to contract out many of its duties to contract workers who did not have the requisite skills or training. The case of the Happy Valley Recreation Ground illustrated that excessive contracting out of government service would hurt staff morale and affected the quality of service to the public. Mr LEUNG further commented that the Administration did not value expertise. Instead of retaining experienced staff, LCSD replaced them with contract workers. He said that the Administration employed NCSC staff to fill civil servant posts as a measure to offset fiscal deficits. However, civil servants should not be victimized for fiscal deficits.

50. Miss Tanya CHAN said that she would not vote against the proposal because the contract workers deserved to be paid SMW. She noted that the Works Branch of the Development Bureau had issued guidelines that discouraged the use of the topping method in tree maintenance routines. The Tree Management Office had also produced public education footages that condemned the use of the topping method for tree pruning. She queried why LCSD would adopt the topping method for tree maintenance in the Happy Valley Recreation Ground. Miss CHAN referred to another case where LCSD contract workers in Victoria Park employed an inappropriate tree maintenance method which had caused considerable damages to the trees. LCSD had advised her that as a punishment, the contractor concerned was debarred from bidding for tree maintenance contracts in Victoria Park only. She queried whether such measure was effective to discourage poor contract performance. She asked what measures the Administration would introduce to tighten supervision of contractors' performance, and whether LCSD staff with adequate skills and training would be deployed for tree maintenance duties to replace contract workers.

51. AD(Finance) said that LCSD was investigating the complaint on tree maintenance in the Happy Valley Recreation Ground, and a detailed reply

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would be provided to Miss CHAN when available. The Chairman said that the reply should be copied to other FC members as well. As regards tree maintenance in Victoria Park, AD(Finance) said that LCS D appended operational guidelines and performance indicators on amenities maintenance to the service contracts. LCS D staff would also monitor the tree works of contract workers. In general, park management staff had the professional knowledge about tree management and maintenance. However, the supervisory staff in Victoria Park had overlooked the tree maintenance operation of the contract workers due to heavy workload. The Chairman asked the Administration to provide further supplementary information on the case for members' reference.

52. Referring to the footnote in the paper FC(2011-12)64 that a transitional arrangement had been introduced for higher-paid occupations, Ms Cyd HO asked if there were workers whose wages were comparable to SMW, but were not adjusted when SMW took effect. She said that it was not fair to those workers whose pay would become level with junior or less skillful workers. Ms HO asked if the supplementary provision being sought would cover wage increase for workers of higher-paid occupations.

53. AD(Finance) advised that the objective of the funding application was to allow non-skilled workers (such as cleaners and security guards) to be paid at the SMW rate. Skilled workers would have more bargaining power for better remuneration package in the open employment market.

54. Ms Cyd HO said that the market mechanism could not guarantee fairness in compensating workers, as otherwise there would be no need to introduce the SMW. She disagreed with the notion that skilled-workers had stronger bargaining power for better employment terms. Contractors could avoid raising wages of skilled workers by blaming the Administration for not providing sufficient funds to cover the expenses. Ms HO requested the Administration to provide information on the number of skilled-workers who were paid at the same level of SMW and would not benefit from the proposed supplementary provision. The Chairman requested the Administration to provide the information after the meeting.

55. Mr LEUNG Yiu-chung was glad to note that the funding proposal included provisions to top up the payment for paid rest days. However, he criticized the Administration for not willing to address the labour sector's concern that meal breaks should also be counted as work hours and be paid. Despite the fact that many civil servants did not enjoy paid meal breaks, Mr LEUNG argued that the arrangement was not fair to contract workers, especially those who had to work in remote locations, where they would need

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longer time to commute to and from their workplace for meals, or had to take their meals in the work place. He said having meal breaks was a basic right of workers and urged the Administration to consider counting meal breaks as part of paid working hours.

56. Dr PAN Pei-chyou said that the supplementary provision sought would increase expenditure by 11.2%, which somehow reflected how junior rank workers would benefit from the implementation of the SMW. There were reports that the wage levels of grassroot workers had generally increased. He said the social cost was worthwhile as it brought about a fairer system in society, and improvement to the livelihood of workers. Dr PAN said that with the implementation of SMW, the adjustment of the SMW rate would become a regular matter. When supplementary provisions were required to top up payment to NCSC workers arising from adjustment of the SMW rate in future, the Administration should provide comprehensive information, including the number of staff, their posts and ranks involved, to facilitate members' consideration of the funding applications.

57. The Chairman said that the same principle should apply to all bureaux and departments when they sought supplementary provisions to top up payment to contract workers. She asked Deputy Secretary for Treasury (Treasury)¹ to convey members' views to all bureaux concerned.

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

(Post-meeting note: The information requested by members under this item has been provided by the Administration vide LC Paper No. FC51/11-12 issued on 16 February 2012.)

Item No. 4 - FCR(2011-12)66

HEAD 30 – CORRECTIONAL SERVICES DEPARTMENT

Subhead 603 Plant, vehicles and equipment

59. The Chairman advised that the item sought FC's approval of a new commitment of \$19.6 million for the replacement of the department launch "Seaward" of the Correctional Services Department (CSD).

60. Mr WONG Ting-kwong asked when the replacement departmental launch would be commissioned and how the existing vessel, "Seaward", would be disposed of. Assistant Commissioner (Operations) (AC(Operations)) said that, subject to FC's approval of the item, CSD would proceed with the procurement process. Under the current schedule, the new vessel would be

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delivered by August 2013, and by then, the existing vessel would be decommissioned after having been in service for 20 years. Senior Survey of Ships (Government New Construction) advised that in accordance with the Government procurement regulations, the existing vessel would be disposed of by auction. The proceeds would be credited to the General Revenue Account of the Government.

61. The Chairman extended the meeting by 15 minutes.

62. Ms Miriam LAU said that she supported the present proposal for the replacement of "Seaward" for conveyance of Category A persons in custody of high security grading as well as those required to be segregated. She noted that the other departmental launch, "Seaway", also used for transporting persons in custody, was due for decommissioning by around 2016. She said that there might be justifications some 20 years ago for CSD to maintain two vessels for conveyance of inmates in Lantau and Hei Ling Chau, as Lantau Island was not accessible by road at that time. Since then, roads connecting Lantau Island and the rest of the territory had been open, and some of the correctional facilities could now be served by land transport. She queried if it was cost effective to maintain two vessels in the long run, particularly when only 38 passenger trips were required per day. She asked whether it would suffice to deploy one vessel to convey inmates of the correctional institutions in Hei Ling Chau, whereas prisoners in the institutions in Lantau Island could be conveyed by vehicles.

63. AC(Operations) said that it was necessary for CSD to maintain two vessels for transporting different types of persons in custody among correctional institutions and CSD Headquarters. Apart from security considerations, it was also necessary to separate male from female inmates, and minors from adult inmates in accordance with the legal requirements. He added that while the average usage was 38 passenger trips per day, the demand could reach as many as 50 passenger trips a day. The passenger loading was beyond CSD's control. The Administration would review the operational needs in three years' time. AC(Operations) added that security was a key consideration and sea transport was preferred to land transport for transporting persons in custody.

64. Ms Miriam LAU said that the operational requirements had changed over the past two decades, and the Administration would need to provide strong and convincing justifications for maintaining two vessels when it sought FC's approval to replace the "Seaway" in due course.

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

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66. The meeting was adjourned at 5:50 pm.

Legislative Council Secretariat

7 May 2012