

立法會
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Finance Committee of the Legislative Council

Minutes of the 18th meeting
held at the Conference Room 1 of the Legislative Council Complex
on Friday, 8 June 2012, at 4:30 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
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
Dr Hon Philip WONG Yu-hong, GBS
Hon WONG Yung-kan, SBS, JP
Hon LAU Kong-wah, JP
Hon LAU Wong-fat, GBM, GBS, JP
Hon Miriam LAU Kin-yea, 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 Jeffrey LAM Kin-fung, GBS, JP
Hon Andrew LEUNG Kwan-yuen, GBS, 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 Starry LEE Wai-king, JP
Dr Hon LAM Tai-fai, BBS, JP
Hon CHAN Hak-kan
Hon Paul CHAN Mo-po, MH, 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
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:

Hon Andrew CHENG Kar-foo
Hon Timothy FOK Tsun-ting, GBS, JP
Hon CHAN Kin-por, JP

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 Esther LEUNG, 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
Miss Bella MUI Bun-ngar	Principal Assistant Secretary for Security (B)
Dr Shane LO Siu-hang, FSMSM	Assistant Director of Fire Services (Headquarters)
Mr KWAN Kam-wing	Divisional Commander (Marine and Off-shore Islands), Fire Services Department
Mr LEUNG Man-chiu	Senior Maintenance Manager, Marine Department
Mr LEUNG Wai-hok	Senior Surveyor of Ships, Marine Department
Mr Daniel LAI, BBS, JP	Government Chief Information Officer
Mr Victor LAM Wai-kiu	Deputy Government Chief Information Officer (Consulting and Operations)
Mr Tony WONG Chi-kwong	Acting Assistant Government Chief Information Officer (IT Operations)
Mr Kenneth CHEN, JP	Under Secretary for Education
Ms Mable CHAN, JP	Deputy Secretary for Education (2)
Miss Wendy CHUNG	Principal Assistant Secretary for Education (Infrastructure and Research Support)

Clerk in attendance:

Mr Andy LAU	Assistant Secretary General 1
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Staff in attendance:

Ms Anita SIT	Chief Council Secretary (1)5
Mr Daniel SIN	Senior Council Secretary (1)7

Mr Frankie WOO
Ms Christy YAU

Senior Legislative Assistant (1)3
Legislative Assistant (1)8

Item No. 1 - FCR(2012-13)36

**RECOMMENDATIONS OF THE PUBLIC WORKS
SUBCOMMITTEE MADE ON 16 MAY 2012**

The Chairman advised that the item sought the Committee's approval for the proposals in FCR(2012-13)36 which were recommended by the Public Works Subcommittee (PWSC) at its meeting on 16 May 2012. She said that members of PWSC had not requested for separate voting of any of the proposals.

2. The Chairman put the item to vote. The Committee approved the funding proposal.

Item No. 2 - FCR(2012-13)37

**HEAD 45 – FIRE SERVICES DEPARTMENT
Subhead 603 Plant, vehicles and equipment**

3. The Chairman advised that the item sought the approval of the Committee for a new commitment of \$85,000,000 for procuring a new fireboat to replace the existing Fireboat No. 7.

4. There being no question from members on the item, the Chairman put the item to vote. The Committee approved the funding proposal.

Item No. 3 - FCR(2012-13)38

**HEAD 45 – FIRE SERVICES DEPARTMENT
Subhead 603 Plant, vehicles and equipment**

5. The Chairman advised that the item sought the approval of the Committee for a new commitment of \$39,690,000 for procuring three 55-metre Turntable Ladders to replace three existing 52-metre Turntable Ladders.

6. There being no question from members on the item, the Chairman put the item to vote. The Committee approved the funding proposal.

Item No. 4 - FCR(2012-13)39
CAPITAL WORKS RESERVE FUND
HEAD 710 – COMPUTERISATION
Office of the Government Chief Information Officer
New Subhead "Implementation of a Government Cloud Platform"

7. The Chairman advised that the item sought the approval of the Committee for a new commitment of \$242,000,000 for the implementation of a Government Cloud Platform.

8. There being no question from members on the item, the Chairman put the item to vote. The Committee approved the funding proposal.

Item No. 5 - FCR(2012-13)40
LOAN FUND
HEAD 252 – LOANS TO SCHOOLS/TEACHERS
Subhead 104 Loans to non-profit-making international schools
Capital assistance loan to the Harrow International School (Hong Kong) Limited

9. The Chairman advised that the item sought the approval of the Committee for –

- (a) an increase in commitment under Head 252 Loans to Schools/Teachers Subhead 104 Loans to non-profit-making international schools of the Loan Fund by \$272.74 million; and
- (b) an allocation of \$272.74 million from the Loan Fund for providing an interest-free loan to the Harrow International School (Hong Kong) Limited (HISHKL) towards meeting part of the construction cost of its new school premises at Area 48, Castle Peak Road, So Kwun Wat, Tuen Mun, New Territories.

Land grant and provision of interest-free loan to HISHKL

10. Noting that there were media reports that the Government had given favourable treatment to HISHKL in the grant of land and provision of an interest-free loan for constructing the new school premises for setting up the Harrow International School Hong Kong (Harrow HK), Mr CHEUNG Man-kwong enquired about the Government policy on providing financial assistance to international schools and asked whether there had been any special treatment for HISHKL in this regard.

11. Under Secretary for Education (US(Ed)) advised that the Government was committed to developing a vibrant international school sector for meeting the demand for school places from local and overseas families living in Hong Kong and families coming to Hong Kong for work or investment. In 2008, the Government had designated four greenfield sites for development of international schools, and non-profit making organizations were invited to submit proposals. Under the existing mechanism, the School Allocation Committee (SAC), which comprised representatives from the education, social welfare and business sectors, was responsible for considering the proposals. Based on the recommendations of the SAC, the Permanent Secretary for Education had approved the allocation of the greenfield sites to four quality operators for international school development. The school site allocation exercise had been carried out in accordance with the established mechanism, and the relevant procedures were open and fair. The Administration had briefed the Panel on Education on the progress of the allocation of the four sites in 2008, 2009 and 2012, and the Administration had consulted and reported to the Tuen Mun District Council regarding the site allocation to HISHKL since 2010. US(Ed) stressed that the greenfield sites to HISHKL and other international schools were allocated under the same mechanism. At its previous meetings, the Finance Committee (FC) had already approved the provision of interest-free loans for development of two international schools on the greenfield sites. The application from HISHKL was submitted to FC following the same procedures as in the two previous cases.

12. Ms Audrey EU expressed grave concern about the transparency of the system for granting land and interest free loans to school operators for development of international schools. Ms EU enquired about the composition of the SAC, the criteria for inviting and selecting school operators for development of international schools, and the channels available for interested parties to access the relevant information regarding the procedures and criteria for seeking government assistance in developing international schools.

13. US(Ed) and Deputy Secretary for Education (2) (DS(Ed)2) advised that between 2008 and 2009, the Government had invited expression of interest (EoI) for allocation of the four greenfield sites from overseas and local international school operators, as well as other interested parties. As a result, 30 EoIs and 14 school development proposals had been received. Members of the SAC were appointed by the Permanent Secretary for Education from different relevant sectors, including the education, social welfare and business sectors. The SAC was responsible for considering applications for allocation of school sites from interested school operators and making recommendations to the Permanent Secretary for Education on the allocation. Details of the

composition, allocation criteria and procedures of the SAC were publicised on the website of the Education Bureau. In 2004, the Independent Commission Against Corruption (ICAC) conducted a review of the procedures of the SAC, and the existing arrangements had incorporated ICAC's recommendations made at the review.

14. Mr Albert CHAN expressed concern on whether any high level officials, particularly the Chief Executive who was reported to have officiated at a ceremony of Harrow HK, had attempted to influence the decision of the SAC and the Education Bureau in the granting of the school site to HISHKL. Ms Starry LEE expressed concern about media reports that HISHKL had been given favourable treatments by the Government, and enquired whether the Chief Executive or any principal official of the Government were involved in the school site allocation process.

15. US(Ed) and DS(Ed)2 advised that the arrangements of granting land for development of international schools at a nominal land rental of \$1,000 in each case and provision of interest-free loans for meeting part of the costs for constructing the school premises had been implemented pursuant to a review of the policy on international schools in 1995, and the arrangements were applicable to all eligible international schools. The SAC had followed the laid down criteria and procedures in considering the applications for allocation of the greenfield sites. The SAC had conducted two rounds of interviews with the interested parties and assessed their applications based on a pre-set marking scheme. The SAC had held four meetings to deliberate on the applications before submitting its recommendations to the Permanent Secretary for Education for consideration. The Chief Executive and the Secretary for Education had not been involved in any part of the allocation process.

16. Ms Tanya CHAN remarked that according to a press report, HISHKL had already earned an income of about \$300 million from sale of the school's debentures and transferrable capital certificates, and the school fee would be set at a level of more than \$100,000 a year. She doubted whether it was justifiable to grant an interest-free loan to HISHKL.

17. US(Ed) replied that in accordance with prevailing Government policy, the interest-free loan to HISHKL would be capped at 100% of the cost for constructing a standard-design public sector school accommodating the same number of students. As a non-profit making organization, HISHKL could only obtain bridging loans for the construction of school premises from private or commercial sources with the backing of Government's interest-free loan. The loan, if approved, would contribute towards repayment of the bridging loans

which HISHKL had taken out to finance the construction of the new school premises.

Operation of the Harrow International School Hong Kong

18. Ms Starry LEE enquired whether there was a mechanism to monitor the operation of international schools, which had been granted school sites at an extremely low land rentals and interest-free loans to build school premises, in order to ensure that these schools would not charge fees at such levels that could not be afforded by ordinary families.

19. DS(Ed)2 advised that all international schools, including Harrow HK which had been allocated a site in Tuen Mun under nominal premium, were required to obtain the Education Bureau's approval for the school fees to be charged. The school operators who had been allocated greenfield sites had to sign a service agreement with the Education Bureau. Under the service agreement, 10% of the net income of the international school concerned should be set aside as scholarships and/or financial assistance to assist deserving students. Based on a preliminary assessment, HISHKL would allocate about \$750,000 for such use.

20. Mr LEE Cheuk-yan enquired whether the Government had verified the status of HISHKL as a non-profit making body. Mr LEE pointed out that according to a news article, HISHKL was managed by a management service company which had to pay a franchise fee to the Harrow School in the United Kingdom (UK).

21. US(Ed) and DS(Ed)2 advised that both the school operator and the international school itself had to be non-profit making organizations which were exempted from tax under the Inland Revenue Ordinance (Cap. 112) (IRO) if they applied for school site allocation and/or an interest-free loan for establishing an international school. The Government would sign a service agreement with the international school for monitoring the operation of the school. Under the service agreement, the international school was required to submit its annual audited financial report to the Education Bureau. The Bureau would consider the audited accounts when processing applications for adjustment to the school fee level of the international school. DS(Ed)2 recalled that when the SAC assessed the application from HISHKL, SAC members had sought clarification about the relationship between Harrow HK and the Harrow School in the UK, and it was confirmed that, notwithstanding the franchise agreement between the two Harrow schools, Harrow HK would operate as a completely independent school, both in terms of management and

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financial arrangements. Members of the SAC had unanimously agreed to allocate the school site in Tuen Mun to HISHKL.

22. Ms Tanya CHAN was concerned that while the operators of the other three international schools which had been allocated greenfield sites were required to admit non-local students at no less than 70% of their overall student population, the percentage applicable to HISHKL was only 50%. Ms CHAN enquired about the reasons for the different treatment.

23. US(Ed) and DS(Ed)2 advised that based on the prevailing policy, all international schools which had received government assistance in the form of land grant and/or interest-free loans were required to admit target group(s) of students that the schools had publicly stated they would serve at no less than 50% of their overall student population. Different international schools might serve different target group(s) of students. The required minimum percentage in the service agreement might range from 50% to about 70% for different international schools. The three international schools which were allocated with school sites in 2009 were willing to accept the requirement of admitting at least 70% target group students voluntarily.

24. While supporting the policy objective of providing adequate international school places for children of families which came to Hong Kong for work or investment, Mr KAM Nai-wai was concerned that the majority of the students of Harrow HK were not from these families. He asked whether the required percentage of target group students out of the total student population could be increased from 50% to 70% for Harrow HK. Mr KAM further enquired whether the Government was empowered to terminate the land grant and/or the registration of an international school if the school was found to have breached the contract conditions for operating the school.

25. US(Ed) pointed out that Harrow HK had yet to start operation and was still processing applications for enrolment. DS(Ed)2 added that the target group of students of Harrow HK was children of families which came to Hong Kong for work or investment, and 70% of students so far registered with the school belonged to this group of students. DS(Ed)2 pointed out that the service agreement signed with HISHKL was for ten years, and the Government might terminate the land grant and/or the service agreement if HISHKL could not provide the services required or became insolvent. The international schools would only accept Mainland students who or whose families came to Hong Kong through, for example, the Quality Migrant Admission Scheme.

26. Mr Tommy CHEUNG enquired whether HISHKL had to pay any franchise/management fee to the Harrow school in the UK. Mr CHEUNG also

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enquired about the rationale for requiring HISHKL to reserve at least 50% of the boarding facilities for non-local students holding student visas for entry into Hong Kong for studies. Mr CHEUNG further asked whether Hong Kong residents who held British citizen passports would be classified as non-local students.

27. DS(Ed)2 advised that HISHKL had to pay an annual licence fee equivalent to 3% of its net income of the school to the Harrow school in the UK. The international schools were self-financing and would not receive any recurrent subsidies from the Government. DS(Ed)2 stated that the provision of boarding facilities in international schools was based on the prevailing policy set by the Chief Executive-in-council. HISHKL was required to reserve at least 50% of the boarding facilities for non-local students holding student visas for entry into Hong Kong so as to provide sufficient places for families that were not living in Hong Kong and to attract overseas students. Non-local students referred to those students who held a student visa for entry into Hong Kong or students with foreign passports.

28. Mr Tommy CHEUNG opined that based on his experience in operating a standard-design school with a similar size as Harrow HK, the amount of the loan for constructing the school, i.e. \$272.74 million, appeared to be on the high side.

29. Referring to Enclosure 2 of the discussion paper, DS(Ed)2 advised that the loan amount was calculated based on the construction cost of a standard-design public sector school accommodating the same number of students as Harrow HK. The proposed loan would cover the cost for constructing the first phase of the school and HISHKL had planned further expansion of the school at a later stage.

30. Dr PAN Pey-chyou was concerned whether Hong Kong would benefit or lose money in promoting the establishment of international schools in Hong Kong, as the Government would only charge a nominal rent for the sites provided to the international schools, provide interest-free loans to the school sponsoring bodies and exempt the schools from paying any tax by granting them non-profit making status under section 88 of IRO. Non-local students would constitute at least 50% of the overall student population of the schools, and the majority of Hong Kong families might not be able to send their children to study in these schools as the schools charged very high school fees. Dr PAN was concerned that the concessionary arrangements for international schools would repeat the case of private hospitals where the hospitals were granted non-profit making status but the patients had to pay very high fees for the services. Dr PAN was also concerned that while the promotion of the

establishment of international schools would foster Hong Kong's position as an education hub in the region, the proposed strategies might not increase the revenue of the Government but instead, increase public expenditure.

31. US(Ed) remarked that the Government was committed to developing a vibrant international school sector in order to attract people from overseas countries to come to Hong Kong for work or investment, and enhance Hong Kong's status as an international cosmopolitan city. Based on the results of a survey conducted by Invest Hong Kong, the provision of international schools was a crucial factor for attracting overseas companies to invest in Hong Kong and highly qualified personnel to work in Hong Kong. US(Ed) pointed out that the school fees charged by Harrow HK were not the highest among the various international schools in Hong Kong.

32. The Chairman remarked that in future, the Administration should include the benefits of similar proposals, in quantifiable terms where possible, in the discussion papers.

33. Ms Cyd HO was concerned that overseas families living in Hong Kong and families coming to Hong Kong for work or investment might not be able to afford the high fees charged by Harrow HK. Given that the Government had provided assistance to the international schools in the form of land grant and interest-free loans, Ms Cyd HO asked how the Government would monitor the management of the international schools which received assistance from the Government, e.g. whether a dedicated committee would be set up to oversee the operation of the schools as in the case of monitoring the management of the directly subsidised schools. Ms HO also enquired about the job opportunities that would be created for local people through setting up international schools.

34. US(Ed) remarked that in considering the applications for government assistance for establishment of international schools, the SAC would assess the objectives, curriculum, and target group(s) of students of the proposals. Based on the preliminary student registration statistics of Harrow HK, nearly 70% of the students admitted were non-local students, with the highest number of students coming from the UK and Northern America. A vibrant international school sector would help attract foreign investments in Hong Kong and uphold Hong Kong's status as an international financial centre. The SAC selected HISHKL among many other applications, having taken into consideration, among other things, Harrow's ample experience in operating international schools, including the experience in the operation of international schools in Bangkok and Beijing.

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35. US(Ed) added that the Government policy was that the level of supervision of schools should be proportionate to the subsidies provided to the schools. While directly subsidised schools received subsidies from the Government on a recurrent basis and the target group of students was local residents, international schools did not receive recurrent subsidies from the Government.

36. Ms Miriam LAU was concerned that families which came to Hong Kong for work or investment might not be able to afford the high school fees of Harrow HK, and asked whether the Government would work towards providing international schools with lower school fees in future. Pointing out that many Hong Kong residents also held foreign passports, Ms LAU asked whether these Hong Kong residents were also regarded as non-local students. Ms LAU further enquired whether the Government aimed to provide international school places for families coming to Hong Kong for work or investment, or promote Hong Kong as an education hub in order to attract students from all over the world to study in Hong Kong.

37. US(Ed) advised that the Administration aimed to provide sufficient international school places through allocation of greenfield sites and vacant school premises and support to the re-development of existing international schools in order to meet the increasing demand. There were diversified types of international schools and the level of school fees varied. Some international schools charged a fee lower than Harrow HK. US(Ed) stated that there was no conflict between the policy to provide international schools to families coming to Hong Kong for work or investment, and the policy to attract more overseas students to study in Hong Kong. As an international city, students holding different foreign passports might come from different background. The Administration would consider further the issue regarding the definition of non-local students.

38. Mr Abraham SHEK opined that given that the Government had provided assistance in the form of a land grant and an interest-free loan to HISHKL and Harrow HK was non-profit making, arrangements should be made to assist students from the low income families and the ethnic minority families to study in the school. Mr SHEK enquired how the Government would ensure that Harrow HK would use 10% of its net income for provision of scholarships and financial assistance to the needy students.

39. DS(Ed)2 remarked that based on the service agreement signed between the Government and HISHKL, Harrow HK had to use 10% of its net income for provision of scholarships and/or financial assistance to deserving students. Students of the ethnic minority groups might also apply for the

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financial assistance. While Harrow HK was still receiving applications for enrolment, so far the school had already granted a total of about \$750,000 to about 10 students for such purpose. HISHKL would be required to submit annual financial reports to the Education Bureau, including the amount of scholarship and/or financial assistance granted.

40. Noting that HISHKL would have to pay an annual licence fee equivalent to 3% of its net income to the Harrow school in the UK, Mr LEE Cheuk-yan enquired about the amount of the licence fee. Mr LEE pointed out that by granting an interest free loan of \$272.74 million to HISHKL, the Government would have foregone an interest income of about \$80 million. Mr LEE was of the view that given the high school fees charged by Harrow HK, only families with very high income could afford to send their children to the school. Mr LEE opined that the Government should withdraw the present proposal and conduct an in-depth review of the Government policy for international schools.

41. US(Ed) remarked that the objectives and modus operandi of the international schools varied. In view that Harrow HK had yet to start operation, it was difficult to estimate at this stage the expenditure of the school. US(Ed) reiterated that the provision of adequate international school places was essential in attracting foreign companies to invest in Hong Kong, and based on the statistics provided by Invest Hong Kong in 2011, Hong Kong had attracted investments amounting to \$5.1 billion from foreign companies and some 2,700 new job vacancies were created through these investments. Relevant foreign chambers of commerce and international school operators had also strongly requested that more international schools be provided in Hong Kong. Given that Harrow was a highly renowned international school in the world which had experience in operating international schools in Bangkok and Beijing, the opportunity should be taken to facilitate Harrow to provide its services in Hong Kong. DS(Ed)2 added that the interest-free loan granted to HISHKL would be capped at 100% of the cost for constructing a standard-design public sector school accommodating the same number of students, and HISHKL had to make use of the debenture income for development of the school in order to achieve the proposed target number of school places.

42. Mr Albert CHAN was concerned that while the school operator might be a non-profit making organization, it might contract out its services to other entities which might make a huge profit out of the services provided to the international school. Mr CHAN was also concerned that HISHKL might have to pay large sums to the Harrow school in UK in the name of consultancies fees, etc.

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43. DS(Ed)2 advised that as a condition of the land grant for school sites, both the relevant school operator and the international school itself should be non-profit making organizations which were exempted from tax under section 88 of the IRO, and they were required to sign a service agreement with the Education Bureau. Under the service agreement, the international schools were obliged to seek Education Bureau's approval in setting their school fee level. In scrutinizing the annual financial reports submitted by the schools, the Education Bureau might request the international schools to explain or justify any unreasonably large payments.

Provision of international school places

44. The Chairman remarked that some relevant parties had expressed the view that they preferred Hong Kong Island to Tuen Mun for setting up a new international school. DS(Ed)2 said that it was difficult to find a site of suitable size for Harrow HK in the urban area. She however remarked that among the four vacant school premises which had been identified for development as international schools, two of them were on Hong Kong Island.

45. Mr CHEUNG Man-kwong said that many foreign chambers of commerce and consuls in Hong Kong had expressed the view that the lack of international schools in Hong Kong had discouraged overseas companies investing in Hong Kong. Mr CHEUNG asked whether the international schools receiving government assistance could be required to reserve 5% of the school places so that children of families coming to Hong Kong for work and investment could take up the places immediately after arrival in Hong Kong. Mr CHEUNG further enquired whether the service agreement with new international schools could specify that no less than 70%, instead of 50%, of the student population should be children of families coming to Hong Kong for work or investment. Ms Starry LEE shared Mr CHEUNG's view.

46. The Chairman pointed out that given that the demand for international schools was great, the schools concerned might have difficulty in reserving a certain percentage of school places for overseas families newly arrived in Hong Kong for work or investment. She remarked that some foreign chambers of commerce were of the view that improvements should be made to the local schools so that the demand for international schools places from local residents could be reduced.

47. US(Ed) remarked that if more restrictions were imposed in the service agreements with international schools, there might be less flexibility for the schools to operate. Since HISHKL would establish a brand new school in Hong Kong and undertake the pilot project of provision of boarding facilities,

the Government considered it appropriate to apply the requirement of admitting not less than 50% non-local students to Harrow HK. In cases where existing international schools were allocated with greenfield sites or vacant school premises for expansion purpose, the international schools were likely to accept that the ratio for the target group of students could be increased to more than 50%. Individual international schools were also willing to make arrangement to meet the demand for school places from families of certain foreign organizations/companies operating in Hong Kong. Members' views regarding the designation of a certain percentage of school places for families coming to Hong Kong for work and investment would be reflected to the SAC for consideration. DS(Ed)2 added that in future exercises for allocation of sites for setting up international schools, the SAC might consider requesting the interested school operators to include in their proposals plans to make available school places to children of families newly arrived in Hong Kong for work or investment.

48. Ms Starry LEE remarked that given the strong demand for international school places, she had suggested that the relevant Government Bureaux and departments should jointly set up a one-stop service unit and/or a help desk to help families which had or would come to Hong Kong for work or investment to find school places for their children. Ms LEE enquired about the progress in setting up such a unit/help desk. Ms LEE opined that without such a unit/help desk, overseas companies might be discouraged from investing in Hong Kong. Ms LEE pointed out that in many overseas countries, international schools could not refuse to accept children of families coming from other places and working/investing in the countries.

49. US(Ed) responded that the Government had been providing assistance to families coming to Hong Kong for work or investment to find places in international schools for their children. DS(Ed)2 supplemented that Invest Hong Kong had referred two requests for assistance to the Education Bureau from families coming to Hong Kong for work or investments to find places in international schools. The Education Bureau had liaised with individual international schools and successfully found places for children of these families. Education Bureau was prepared to provide assistance in similar requests.

50. US(Ed) further said that the Panel on Education would discuss the issue regarding provision of additional places in international schools at a forthcoming meeting, and the Administration had proposed to make use of four vacant school premises for establishment of two additional international schools, and for decanting part of the students from two existing international schools.

51. The Chairman put the item to vote. Mr Albert CHAN requested for a division. A total of 28 members voted for the proposal, seven members voted against the proposal and two members abstained from voting. The votes of individual members were as follows –

For :

Mr Albert HO Chun-yan	Ir Dr Raymond HO Chung-tai
Mr Fred LI Wah-ming	Dr Margaret NG
Mr James TO Kun-sun	Mr CHEUNG Man-kwong
Mr CHAN Kam-lam	Mrs Sophie LEUNG LAU Yau-fun
Dr Philip WONG Yu-hong	Mr WONG Yung-kan
Ms Miriam LAU Kin-yee	Mr Abraham SHEK Lai-him
Mr Tommy CHEUNG Yu-yan	Ms Audrey EU Yuet-mee
Mr Vincent FANG Kang	Dr Joseph LEE Kok-long
Mr Jeffrey LAM Kin-fung	Mr Andrew LEUNG Kwan-yuen
Mr WONG Ting-kwong	Mr KAM Nai-wai
Ms Starry LEE Wai-king	Dr LAM Tai-fai
Mr CHAN Hak-kan	Mr Paul CHAN Mo-po
Mr WONG Sing-chi	Mr IP Kwok-him
Dr Samson TAM Wai-ho	Mr Alan LEONG Kah-kit
(28 members)	

Against :

Mr LEE Cheuk-yan	Ms Cyd HO Sau-lan
Mr CHEUNG Kwok-che	Mrs Regina IP LAU Suk-yee
Mr LEUNG Kwok-hung	Mr Albert CHAN Wai-yip
Mr WONG Yuk-man	
(7 members)	

Abstained from voting:

Mr WONG Kwok-hing	Mr WONG Kwok-kin
(2 members)	

The Committee approved the funding proposal.

52. The meeting was adjourned at 6:40 pm.