

立法會
Legislative Council

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(These minutes have been
seen by the Administration
and cleared by the
Chairman)

Ref : CB1/F/1/2

Finance Committee of the Legislative Council

**Minutes of the 13th meeting
held at the Legislative Council Chamber
on Friday, 9 June 2000, at 2:30 pm**

Members present:

Hon Ronald ARCULLI, JP (Chairman)
Hon CHAN Kam-lam (Deputy Chairman)
Hon Kenneth TING Woo-shou, JP
Hon James TIEN Pei-chun, JP
Hon HO Sai-chu, SBS, JP
Hon Cyd HO Sau-lan
Hon Edward HO Sing-tin, SBS, JP
Hon Albert HO Chun-yan
Hon Michael HO Mun-ka
Ir Dr Hon Raymond HO Chung-tai, JP
Hon LEE Wing-tat
Hon LEE Cheuk-yan
Hon Martin LEE Chu-ming, SC, JP
Hon Eric LI Ka-cheung, JP
Hon LEE Kai-ming, SBS, JP
Dr Hon David LI Kwok-po, JP
Hon Fred LI Wah-ming, JP
Hon NG Leung-sing
Prof Hon NG Ching-fai
Hon Margaret NG
Hon Mrs Selina CHOW LIANG Shuk-ye, JP
Hon MA Fung-kwok
Hon James TO Kun-sun
Hon CHEUNG Man-kwong

Hon HUI Cheung-ching
Hon Christine LOH
Hon CHAN Kwok-keung
Hon CHAN Yuen-han
Hon Bernard CHAN
Hon CHAN Wing-chan
Dr Hon LEONG Che-hung, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, JP
Hon LEUNG Yiu-chung
Hon Gary CHENG Kai-nam, JP
Hon SIN Chung-kai
Hon Andrew WONG Wang-fat, JP
Dr Hon Philip WONG Yu-hong
Hon WONG Yung-kan
Hon Jasper TSANG Yok-sing, JP
Hon Howard YOUNG, JP
Dr Hon YEUNG Sum
Hon YEUNG Yiu-chung
Hon LAU Chin-shek, JP
Hon LAU Kong-wah
Hon Mrs Miriam LAU Kin-yee, JP
Hon Emily LAU Wai-hing, JP
Hon Andrew CHENG Kar-foo
Hon SZETO Wah
Hon Timothy FOK Tsun-ting, SBS, JP
Hon LAW Chi-kwong, JP
Hon TAM Yiu-chung, GBS, JP
Dr Hon TANG Siu-tong, JP

Members absent:

Hon David CHU Yu-lin
Dr Hon LUI Ming-wah, JP
Hon LAU Wong-fat, GBS, JP
Hon Ambrose LAU Hon-chuen, JP
Hon CHOY So-yuk
Hon FUNG Chi-kin

Public officers attending:

Mrs Carrie LAM, JP
Mr K K LAM

Deputy Secretary for the Treasury
Principal Executive Officer (General),
Finance Bureau

Miss Yvonne CHOI, JP	Secretary for Trade and Industry
Mr Kenneth MAK	Deputy Secretary for Trade and Industry
Mr Mike ARNOLD, JP	Director-General of Industry
Mrs Jennie CHOK	Deputy Director-General of Trade
Ms TAM Kam-lan, Annie, JP	Deputy Secretary for Information Technology and Broadcasting
Mr Wilson FUNG	Principal Assistant Secretary for Planning and Lands (Planning)
Mr WONG Ming-to	Chief Engineer (Cyberport) of Information Technology and Broadcasting Bureau
Mr S K LAM	Chief Engineer/Hong Kong, Territory Development Department
Mr H K WONG, JP	Director of Territory Development
Mr M Y MA	Chief Engineer (Tin Shui Wai) of Territory Development Department
Mr Ivan K B LEE	Principal Assistant Secretary for Education and Manpower (5)
Professor LEE Ngok, JP	Executive Director, Vocational Training Council
Mrs Amy LO	Finance Officer, Vocational Training Council
Mrs Ava NG, JP	Deputy Director of Planning
Mr LAM Kam-kwong	Principal Assistant Secretary for Education and Manpower (7)
Mr Fred TING, JP	Deputy Commissioner for Labour
Mr K W TSANG, JP	Assistant Commissioner for Labour
Mr Alex J Y LEE	Chief Systems Manager of Information Technology Services Department
Mrs Susan MAK	Deputy Secretary for the Civil Service
Ms Grace LUI	Principal Assistant Secretary for the Civil Service
Ms Annie CHOI	Principal Assistant Secretary for the Environment and Food
Mr Howard LEE	Principal Assistant Secretary for Economic Services
Mr L T LEE	Assistant Director (Energy Efficiency) of Electrical and Mechanical Services Department
Mr K K LAM	Chief Engineer (Energy Efficiency) of Electrical and Mechanical Services Department

Clerk in attendance:

Ms Pauline NG

Assistant Secretary General 1

Staff in attendance:

Miss Polly YEUNG

Chief Assistant Secretary (1)3

Ms Eleanor LAM

Senior Assistant Secretary (1)2

Item No. 1 - FCR(2000-01)21

**RECOMMENDATIONS OF THE ESTABLISHMENT SUBCOMMITTEE
MADE ON 10 MAY 2000**

At a member's request to consider EC(2000-01)3 separately, the Chairman put proposal FCR(2000-01)21, except EC(2000-01)3, to vote. The Committee approved the proposal.

EC(2000-01)3 Proposed reorganization of trade and industry group of departments with effect from 1 July 2000 in order to establish an institutional framework for promoting innovation and technology, attracting external direct investment and improving services to industry and commerce

2. Referring to the supplementary information provided by the Administration in response to her queries (LC Paper No. ESC55/99-00) after the meeting of the Establishment Subcommittee on 10 May 2000, Miss Emily LAU sought clarification on whether the two D2 equivalent non-civil service posts of science advisers would be filled by open recruitment. In reply, the Secretary for Trade and Industry (STI) confirmed that open recruitment would be conducted for the two science adviser posts. At the same time, local and/or overseas universities and research institutes would be invited to nominate their suitably qualified staff to be considered for appointment on a secondment basis. After sourcing suitable candidates, a recruitment selection panel would be set up to consider the suitability of the candidates for the two posts.

3. On the post of Director-General of Investment Promotion at D6 level, Miss Emily LAU queried the appropriateness of appointing a civil servant to fill the post given that civil servants in general might not possess the requisite strong business sense and solid commercial experience.

4. STI advised that while the Administration was inclined to fill the post with a suitably qualified person from the private sector, it had nevertheless realized that persons meeting all the necessary requirements (i.e. solid commercial experience and good knowledge of government machinery) and with good capability were hotly sought after in the private sector. In view of the need for the post-holder to start work early, and having reviewed potential candidates within the civil service, the Administration had decided to appoint a civil servant as the first Director-General but would not rule out the possibility of open recruitment in the future. STI further pointed out that one of the Director-General's priority tasks was to start recruitment work for the two Assistant Directors-General who would be responsible for leading and co-ordinating promotion and aftercare efforts in specific target sectors.

5. As the post-holder should possess solid commercial experience, Miss Emily LAU was not convinced by the Administration's explanation. She stressed that while there might be very few people who could meet all the requirements, the Administration should at least make an attempt to tap the best available talents in the private sector before deciding to appoint a civil servant to fill the post. She considered this arrangement unfair and would give rise to criticisms that the post was tailor-made for certain senior Government officials. The Deputy Secretary for Trade and Industry said that to conduct an open recruitment exercise would take several months, and the assessment of the Administration was that the chance of recruiting someone from the private sector meeting all the requirements was slim. Given the urgency to fill the post early so that the new agency "Invest Hong Kong" could commence operation by 1 July 2000 to take forward various investment promotion initiatives, the Administration had decided to adopt the fallback option of appointing a civil servant to the post, recognizing that this was not ideal. STI said that the Administration had indeed informally surveyed the market for a suitable candidate from the private sector, but without success. She further said that the officer identified for the post had acquired a good understanding of the business sector in his current duties. Subject to the approval by the Finance Committee (FC), the Administration would proceed with the appointment formalities. She stressed that the Administration would not rule out the possibility of open recruitment for the post in future.

6. Miss Emily LAU requested that her reservation on the item be recorded. The Committee approved the item.

Item No. 2 - FCR(2000-01)22

**RECOMMENDATIONS OF THE PUBLIC WORKS SUBCOMMITTEE
MADE ON 17 MAY 2000**

7. At members' request to consider PWSC(2000-01)15 separately, the Chairman put proposal FCR(2000-01)22, except PWSC(2000-01)15, to the vote. The Committee approved the proposal.

**PWSC(2000-01)15 253CL Yuen Long - Tuen Mun Corridor
- engineering works for Hung
Shui Kiu and Ping Shan**

8. Mr LEE Cheuk-yan referred members to the objection raised by some villagers in Hung Shui Kiu (HSK) who considered the present proposal a seizure of their properties under the pretext of environmental protection. He objected to the present proposal and pointed out that the Administration had not further consulted the Planning, Lands and Works (PLW) Panel before submitting the proposal to FC for consideration.

9. In response, the Principal Assistant Secretary for Planning and Lands (PAS(PL)) pointed out that the present proposal was part of the local development plan which had been implemented since 1995 to provide the necessary infrastructure for housing development, schools and other community facilities. It had the support of the local community including the former Yuen Long District Board. He further advised that the planning and development study on the proposed HSK Strategic Growth Area (SGA) was still underway and the complaint referred to by Mr LEE would be dealt with at a later stage of the study when considering the actual implementation. Proposals arising from that study would be put to the public for consultation. PAS(PL) nevertheless stressed that generally speaking, there was public support for the planning concepts in the design of SGAs and recalled that the PLW Panel had been briefed on 9 December 1999.

10. Mr CHAN Kam-lam also queried the adequacy of public consultation on the present proposal. In reply, the Director of Territory Development (DTD) confirmed that consultation on the present proposal had taken place before the Administration's decision on developing SGAs and there was support from the local community.

11. Mr LEE Wing-tat reiterated his view that the present proposal was no different from those relating to new town developments in the past, contrary to the Administration's pledges to provide environmentally friendly new towns in certain parts of the New Territories. He considered that the present proposal had failed to give effect to the concepts of sustainable development and asked

whether the Administration would defer it for further re-examination. Mr LEE stated that he would not support the proposal in its present form as the Administration had not made any endeavour to apply any of the new planning concepts.

12. In response, PAS(PL) referred to the supplementary information provided by the Administration (issued vide PWSC149/99-00 dated 7 June 2000) and clarified that the site covered by the present proposal was in fact very far away from the proposed HSK SGA. On the application of new planning concepts, he advised that in planning for HSK SGA, the main distributor road through the town centre would be sunken to minimize the traffic impacts and there would be convenient pedestrian connections between the West Rail and the Light Railway Transit (LRT) stations. As regards the sites on the periphery of the SGA, convenient inter-links such as elevated walkways would be explored.

13. As regards land acquisition under the present proposal, DTD advised that about two hectares of agricultural land would be resumed and this would affect 30 households involving 96 persons and 228 structures. The payment of compensation and rehousing arrangements would be carried out in accordance with existing policies and the estimated cost of land acquisition and clearance was about \$60 million.

14. On the need for further land acquisition in the peripheral areas, DTD confirmed that land acquisition and site formation had been completed for Area 13 of HSK which would be handed over to the Hong Kong Housing Society shortly for commencement of a public housing development in August 2000. The development of Area 12 would depend on the expansion plans of the LRT depot. He added that there would be some further land acquisitions.

15. Mr TAM Yiu-chung conveyed the concerns of residents of nearby villages such as Yik Yuen Tsuen and Tin Sam Sun Tsuen, notably about the compensation arrangements and the fear of some elderly villagers that they would lose their homes. He asked whether the Administration would review its existing policy on compensation for land acquisition in the development of HSK SGA.

16. In response, PAS(PL) confirmed that the Administration had aimed to finalize its proposals on implementing the new planning concepts for public consultation in the next two to three months. He assured members that the concerns raised by Mr TAM, as well as the adequacy of the existing compensation and rehousing arrangements, would be examined in the next stage of the study.

17. Mr TAM Yiu-chung questioned the urgency of the development plans for HSK. Mr Albert HO recalled that the Tuen Mun District Council had raised objection to the project and doubted whether its development was really environmentally friendly. He considered that pending a review on the compensation arrangements for land acquisition, the Administration should defer the present proposal. In response, PAS(PL) advised the planning and development studies on the three SGAs were a follow-up of the Territorial Development Strategy Review to identify new development areas to accommodate Hong Kong's fast growing population by 2011. Early planning was necessary as it would take years before such development projects could be completed.

18. Mr LEUNG Yiu-chung commented that the present proposal would inevitably impact on the planning and development of the nearby HSK SGA and should therefore be considered in conjunction with the SGA project. In response, DTD pointed out that the present project could not await the implementation of the HSK SGA as the proposed roads would be needed to serve Area 13 in which public housing flats would be constructed.

19. Dr Raymond HO agreed that there was a need to provide the necessary roads before the housing flats were ready for occupancy and he therefore supported the present proposal. He further enquired on the timing of the completion of the roads to tie in with the government/institution/community facilities in the area and whether the design of the proposed roads would be improved to cater for environmental and aesthetic needs.

20. In response, DTD reiterated the urgency of the proposed works to tie in with the public housing development and associated facilities, as well as other utilities provision in the area. He advised that tree planting, the provision of noise barriers and a cycling track would be considered for the proposed roads.

21. In reply to Mr YEUNG Yiu-chung's question on whether the area in question was made up of marble cavity and hence, unsuitable for development purposes, DTD advised that since site investigation was still at its preliminary stage, the geological condition of the area had not yet been ascertained.

22. The Chairman put the item to vote. 26 members voted for the item, 17 members voted against and none abstained :

For:

Mr Kenneth TING Woo-shou

Mr Edward HO Sing-tin

Mr Eric LI Ka-cheung

Mr NG Leung-sing

Mrs Selina CHOW LIANG Shuk-yee

Mr HO Sai-chu

Dr Raymond HO Chung-tai

Mr LEE Kai-ming

Prof NG Ching-fai

Mr MA Fung-kwok

Mr HUI Cheung-ching
Mr Bernard CHAN
Mr CHAN Kam-lam
Mrs Sophie LEUNG LAU Yau-fun
Mr Andrew WONG Wang-fat
Mr WONG Yung-kan
Mr Howard YOUNG
Mr TAM Yiu-chung
(26 members)

Mr CHAN Kwok-keung
Mr CHAN Wing-chan
Dr LEONG Che-hung
Mr Gary CHENG Kai-nam
Dr Philip WONG Yu-hong
Mr Jasper TSANG Yok-sing
Mr YEUNG Yiu-chung
Dr TANG Siu-tong

Against:

Miss Cyd HO Sau-lan
Mr Michael HO Mun-ka
Mr LEE Cheuk-yan
Mr Fred LI Wah-ming
Mr James TO Kun-sun
Mr LEUNG Yiu-chung
Dr YEUNG Sum
Mr Andrew CHENG Kar-foo
Mr LAW Chi-kwong
(17 members)

Mr Albert HO Chun-yan
Mr LEE Wing-tat
Dr David LI Kwok-po
Miss Margaret NG
Mr CHEUNG Man-kwong
Mr SIN Chung-kai
Miss Emily LAU Wai-hing
Mr SZETO Wah

23. The Committee approved the item.

Item No. 3 - FCR(2000-01)23

NEW HEAD "GOVERNMENT SECRETARIAT: INNOVATION AND TECHNOLOGY COMMISSION"

NEW HEAD "INVEST HONG KONG"

HEAD 73 - INDUSTRY DEPARTMENT

HEAD 142 - GOVERNMENT SECRETARIAT: OFFICES OF THE CHIEF SECRETARY FOR ADMINISTRATION AND THE FINANCIAL SECRETARY

♦ **Subhead 838 Minor consultancy studies (block vote)**

HEAD 152 - GOVERNMENT SECRETARIAT: TRADE AND INDUSTRY BUREAU

♦ **New Subhead "Minor consultancy studies (block vote)**

HEAD 181 - TRADE DEPARTMENT

HEAD 177 - SUBVENTIONS: NON-DEPARTMENTAL PUBLIC BODIES

♦ **Subhead 429 Consumer Council**

♦ **Subhead 441 Hong Kong Productivity Council**

♦ **Subhead 533 Hong Kong Applied Science and Technology Research Institute**

♦ **Subhead 905 Hong Kong Productivity Council**

- ◆ **Subhead 930 Hong Kong Applied Science and Technology Research Institute**
- ◆ **Subhead 955 Consumer Council**

24. The Committee approved the proposal.

Item No. 4 - FCR(2000-01)24

HEAD 177 - SUBVENTIONS: NON-DEPARTMENTAL PUBLIC BODIES

- ◆ **Subhead 520 Vocational Training Council**

25. Noting that the Vocational Training Council (VTC) proposed to utilize a portion of its surplus subvention in 1999-2000 to fund 1 500 vocational training places for Secondary 3 and 5 school-leavers, Mr LEE Cheuk-yan sought elaboration on the respective number of places for Secondary 3 and 5 school-leavers and enquired on the assistance to be provided specifically to young persons who had completed Form 5 but with unsatisfactory results in the Hong Kong Certificate of Education Examination (HKCEE).

26. In reply, the Principal Assistant Secretary for Education and Manpower (5) (PAS(EM)5) confirmed that 1 000 full-time Foundation Diploma places and 500 Certification in Vocational Studies places would be provided for Secondary 5 and 3 school-leavers respectively. Moreover, a total of 5 500 training places would be available under the Project Springboard in September 2000 for Secondary 5 school-leavers and mature applicants. The Executive Director, VTC (Ex Dir, VTC) supplemented that other training opportunities for Secondary 5 school-leavers included the Youth Pre-employment Training Programme, the IT Assistant Course and other skill training courses run by VTC. The Administration and VTC nevertheless took note of Mr LEE's concern that further training opportunities for Secondary 3 and Secondary 5 school-leavers with unsatisfactory HKCEE results should be explored.

Admin
VTC

27. Mr LEE Cheuk-yan was concerned that where financial resources permitted, VTC should consider employing teaching staff on a permanent basis so as to enhance the quality of training. In response, Ex Dir, VTC confirmed that VTC would consider appointing more teachers on contract terms, instead of on a temporary basis.

28. Miss Emily LAU recapitulated the concern of the Public Accounts Committee and referred to Paragraphs 4.1 and 4.2 of the Memorandum of Administrative Arrangements between the Government and VTC (MAA). She sought clarification on the role of the Government representatives appointed to sit on the Council of the VTC, in particular where there was a conflict of interests.

29. In response, PAS(EM)5 advised that the Government representatives had to act in accordance with the terms of the MAA. Generally speaking, their main duty was to explain Government policies and practices and to advise on the compatibility of the proposals with prevailing Government policies. Where in doubt, the Government representatives had to consult the relevant bureau(x) before advising the Council of the VTC. He confirmed that the VTC had to seek the formal approval of the Government on important matters involving deviations from established Government policies or having significant financial implications.

30. Referring to paragraph 7 of the MAA, Mr Andrew CHENG Kar-foo asked whether the Education and Manpower Bureau (EMB) had any role to play in setting the performance pledges and target output of VTC. To provide greater impetus on the part of VTC, Mr CHENG considered it more appropriate to provide in MAA that VTC's failure to achieve agreed performance targets would result in reduction or withdrawal of subvention.

31. In response, PAS(EM)5 confirmed that EMB would scrutinize the performance pledges and target output proposed by VTC before approving the latter's Annual Plan. As regards funding, PAS(EM)5 said that it was necessary to provide some flexibility in exercising sanctions as there might be factors beyond the VTC's control which affected its performance.

VTC 32. On the nature of the remaining surplus of some \$93 million to be kept as reserves, Ex Dir, VTC advised that the surplus was one-off in nature which would be used primarily to fund new initiatives to support vocational education and training. At the request of Professor NG Ching-fai, Ex Dir, VTC agreed to provide a forecast on the number of training places which could be funded by the said \$93 million. As regards the estimated net recurrent cost of \$24 million for the 1 500 places for Secondary 3 and 5 school-leavers, PAS(EM)5 clarified that the amount was the estimated cost from September 2000 to 31 March 2001.

33. As regards the basis for pitching the level of reserves to be retained by VTC at 15% of its annual block grant, PAS(EM)5 informed members that the said percentage was set with reference to the arrangements for other public bodies such as the Hospital Authority and the level of recurrent subvention to VTC. In reply to Miss Emily LAU, he confirmed that under exiting funding arrangements for University Grants Committee-funded institutions, the universities could not retain surplus subvention as reserves other than under very restrictive circumstances for meeting outstanding liabilities. The Deputy Secretary for the Treasury (DS(Tsy)) confirmed that the said 15% had been accepted by VTC and provided for members' reference the surplus retention arrangements for the following public-funded bodies -

<u>Organization</u>	<u>Maximum % of savings to be retained as reserve</u>
Hospital Authority	5% of its annual grant (some \$28 billion)
welfare agencies	25% of the annual grant (some hundred millions)
aided schools	up to 12 months provision of recurrent Operating Expenses Block Grant

34. The Committee approved the proposal.

Item No. 5 - FCR(2000-01)25

HEAD 118 - PLANNING DEPARTMENT

◆ Subhead 700 General other non-recurrent

New Item "Hong Kong 2030 : Planning Vision and Strategy"

35. On the present proposal which sought FC's approval for a new commitment of \$15 million for the "Hong Kong 2030: Planning Vision and Strategy" (Strategy 2030), Miss Christine LOH queried the need to engage consultants to undertake the study instead of deploying professional in-house resources. She considered this arrangement a waste of public money and would unlikely be accepted in the private sector. In response, the Deputy Director of Planning (DD of P) advised that in-house resources at the Planning Department (PD) would be utilized to undertake the major part of the study. However, since preparation of Strategy 2030 would require expertise outside the ambit of PD and the other departments concerned were unable to spare the necessary resources to take up the work, it was necessary to engage specialist consultants to undertake special sectoral studies, which would include economic assessment, environmental assessment, transport model testing, as well as publicity and public relations work.

36. Noting that the proposed 30-year planning horizon (from 2000 to 2030) review would be completed in 18 months as compared to the last 20-year planning horizon review which took more than six years, Miss Cyd HO queried the reasons for the much shorter period for completing the Strategy 2030 and whether the Administration in fact already had a pre-conceived framework. DD of P explained that the last review process was unduly elaborate. In order that Strategy 2030 could be completed within a short time-frame, a more focused approach would be adopted under which only a number of key planning issues would be studied. Many other issues, which had already been the subject of separate studies, would be consolidated to serve as inputs into

Strategy 2030. She nevertheless reiterated that the Administration had no pre-conceived framework or blue-print on Hong Kong's future development.

37. As regards the strategy formulation process, PAS(PL) elaborated that the public would be widely consulted on their needs for transport, accommodation and other services. Based on a certain set of assumptions, different development scenarios for high, medium and low growth would be drawn up. Apart from formulating the development options for each scenario, contingency plans would also be prepared setting out guidelines on how to adjust the development framework to changes in relevant assumptions such as population levels, environmental and socio-economic conditions.

38. Mr Albert HO remarked that the proposed study emphasized too much the structural aspects of development at the expense of the corresponding development in population and human resources which was an important factor in any strategic planning process. PAS(PL) responded that Strategy 2030 was primarily a study on land utilization and not a multi-purpose study to cover all aspects of development. Nevertheless, in the process of formulating the strategy, the views of the general public and Government departments would be solicited. The requirement of land for building schools or for other projects to develop Hong Kong's manpower capital would be catered for in the study.

39. Mr LEE Cheuk-yan also commented that the scope of Strategy 2030 had many shortcomings because Hong Kong's population and manpower development needs had not been taken into account and the various assumptions were not well-grounded. In response, PAS(PL) stressed that there would be four stages of consultation in the formulation process. Although land resource utilization would be the backbone of the study, Hong Kong's manpower development needs could be gauged in the consultation process and would be taken into consideration by the concerned Government departments when planning land utilization for specific policy areas.

40. Miss Emily LAU expressed concern that there might be duplication between Strategy 2030 and the Sustainable Development Study (SDS) and asked how soon would the SDS Report be announced. In reply, PAS(PL) advised that the main areas of SDS included the institutional framework for better incorporating sustainability considerations in Government decision-making, and computerized tools in policy formulation process which would strike a balance in the evaluation of the sustainability of development options. The announcement by the Chief Executive in the 1999 Policy Address to set up a Council for Sustainable Development and a Sustainable Development Unit would also be examined in the SDS. The report on SDS would be released later this year. On the other hand, Strategy 2030 would be a study on land resource utilization, underpinned by the sustainable development concept as a

basic planning principle. The two studies would complement each other and there was no duplication. He confirmed that at present, the aforesaid two studies were the only studies relating to sustainable development.

41. On some members' enquiries about linkages with the Mainland which would be one of the key elements of Strategy 2030, DD of P said that socio-economic integration, infrastructure facilities, potential for tourism, population flow etc would be included in the study. Mr CHAN Kam-lam further enquired to what extent the Mainland authorities had been consulted on Strategy 2030. PAS(PL) advised that the Administration was able to obtain information on studies carried out in the Mainland which would interface with the physical planning of Hong Kong in the Pearl River Delta region. Taking into account the growth of cross-boundary interactions, strategic plans on land use and transport model would be formulated. Mr Chan was concerned that because of the different planning horizons adopted by Hong Kong and the Mainland, there might be a mismatch in the review findings. In this regard, DD of P supplemented that studies carried out in the Mainland which were of a short to medium term of 15 years would contain definitive proposals, while longer-term planning would be of a directional nature on the economic development. As for Strategy 2030, definitive proposals up to 2010 would be formulated while options would be put up for years beyond 2010. She added that international strategic planning beyond a 15-year horizon would normally provide a directional strategy but not definitive development proposals.

42. Miss Margaret NG shared some members' view that the study was extravagant. Referring to Hong Kong's socio-economic integration and other linkages with the Mainland which would be studied in Strategy 2030, she was gravely concerned that given the emphasis on integration and linkages with the Mainland, the concept of "two systems" would be subsumed under the concept of "one country".

43. In response, PAS(PL) advised that increasing interaction, in particular greater socio-economic integration, with the Mainland had become an inevitable trend. The Administration had no intention to interfere with this trend but would ensure that the future development strategy would be able to cater for the needs of the community. He stressed that Strategy 2030 would not seek to blur the jurisdictional boundary of the two places and Hong Kong and the Mainland would maintain its own legal, political and social systems. As to how the concept of "two systems" figured in the planning strategy, PAS(PL) pointed out that as evidenced in land use, Hong Kong and China were practising two different systems in the planning and legal framework for land use.

44. The Committee approved the proposal.

Item No. 6 - FCR(2000-01)26**CAPITAL WORKS RESERVE FUND****HEAD 710 - COMPUTERISATION****Labour Department****♦ New Subhead "Occupational Safety and Health Management Information System"**

45. Miss Emily LAU sought elaboration on how the lead time for issuing suspension and improvement notices could be reduced as a result of the proposed Occupational Safety and Health Management Information System (OSHMIS). In reply, the Deputy Commissioner for Labour (DC for L) explained that with the implementation of OSHMIS, when an Occupational Safety Officer detected certain irregularities or hazards during inspection or accident investigation which warranted the immediate issue of improvement or suspension notices, he could communicate with his supervisor in the office through notebook computers and wireless modem and obtain approval for the issue of suspension or improvement notices on the spot. He also confirmed that the issue and revocation of improvement/suspension notices had to be authorized by the Deputy Chief Occupational Safety Officer who would be available in response to urgent requests for authorization.

46. On the number of improvement and suspension notices issued, DC for L advised that the number of such notices would depend on the safety conditions at workplaces. In 1999, the Labour Department (LD) issued 2 407 and 227 improvement notices and suspension notices respectively.

47. In reply to Miss Emily LAU's enquiry about the social economic benefits brought about by the proposed OSHMIS, DC for L said that it would be difficult to quantify the benefits. Nevertheless, he and the Chairman shared the view that if the number of accidents at work could be effectively reduced, there would be a consequential reduction in compensation payment and hidden costs in terms of work stoppages, plant damages, legal cost etc.

48. In reply to Mr CHAN Wing-chan's enquiry about improvements in the retrieval and transmission of occupational safety and health (OSH) related information, DC for L advised that since the information currently kept by each of the 60 district offices of LD was primarily district-based, retrieval and cross reference was difficult and time-consuming. The proposed OSHMIS would provide online information sharing among all offices to reduce the time for making reference to OSH related information from ten days to instant.

49. Whilst expressing support for the proposal, Mr LEE Cheuk-yan hoped that trade unions' requests for information would be handled more speedily. As a result of improved compilation of OSH information including accident

records, Mr LEE asked whether the Administration would release to the public the safety records of individual companies, particularly those with poor safety records. Miss Emily LAU shared his concern and considered that such information should be made available.

50. In response, DC for L confirmed that collective statistical information on industrial accidents was compiled and released from time to time. As to whether the safety/offence records of individual companies should also be released, DC for L pointed out that where a company had failed to observe occupational safety and was prosecuted by LD, the case would have been reported in the media and it was doubtful whether LD would need to repeat the release of the same information to the public. In this connection, the Chairman suggested that if members were interested in following up this issue, they might do so at the Manpower Panel.

51. The Committee approved the proposal.

Item No. 7 - FCR(2000-01)27

HEAD 120 - PENSIONS

♦ **Subhead 015 Public and judicial service pension benefits and compensation**

♦ **Subhead 700 General other non-recurrent**

New Item "Compensatory Payments under the Voluntary Retirement Scheme"

New Item "Ex-gratia Payments to early retirees who are Model Scale I officers on Old Pension Scheme in grades designated for the Voluntary Retirement Scheme"

52. Mr James TIEN commented that the present proposal covered a retirement and compensation package which was much more favourable than that provided under the Employment Ordinance and urged the Government to be more vigilant when creating new civil service posts in future in view of the huge amount that had to be paid out to surplus staff. As the Administration had estimated that about 3 500 officers (5% of the 70 000 staff) in the designated grades would apply for voluntary retirement (VR), Mr TIEN asked about the proposed arrangements if the response turned out to be more enthusiastic than anticipated and alternatively, whether the Administration would seek to increase the compensation package if response to the VR Scheme was poor.

53. In response, the Deputy Secretary for the Civil Service (DS(CS)) advised that as the Scheme was entirely voluntary, it was difficult to predict the level of response at this stage. She confirmed that the Administration had no

intention to revise the compensation package of the Scheme as it considered the package a reasonable arrangement. If staff response turned out to be more enthusiastic and the approved funding was insufficient, the Administration would seek FC's approval for raising the financial commitments after being satisfied that the continuity and quality of public service would not be affected. DS(CS) further explained that the estimated response of 5% was a prudent estimation used in working out the financial assessment. It was expected that staff with over 25 years' service would find the VR Scheme more attractive.

54. The Chairman pointed out that despite the upfront payment, the proposed VR Scheme should be able to bring about savings in the longer term. He sought further information on such savings and the pay-back period for the cost of the Scheme. In response, DS(Tsy) informed members that the annual payroll of the estimated 3 500 staff who would apply for VR amounted to \$657 million. Assuming that the work of the retiring staff would be outsourced, the Administration's conservative estimate was that some 30% savings in staff salaries could be achieved and on this basis, the cost of the VR Scheme could be paid back in less than six years. She confirmed that the recruitment to these 59 grades would be frozen in the next few years.

55. On behalf of Members of the Hong Kong Confederation of Trade Unions, Mr LEE Cheuk-yan objected to the present proposal for the following reasons -

- (a) the VR Scheme was one of the means to achieve deletion of 10 000 civil service posts in three years' time;
- (b) as upon the post-holders' voluntary retirement, the posts would no longer be filled by civil servants but would be contracted out at a lower remuneration, the number of well-paid jobs available in the market would diminish; and
- (c) implementation of the VR Scheme without the proposed outsourcing of services might have been acceptable as it would serve as an exit avenue and increase the mobility of the workforce. However, trade unions could not accept the current arrangements whereby certain jobs in the civil service were lost and would be substituted by lower-paid jobs.

56. Miss CHAN Yuen-han stated that Members of the Hong Kong Federation of Trade Unions would abstain on the proposal. She was gravely concerned about the outsourcing arrangement following implementation of the VR Scheme which, in her view, would adversely affect the well-being of the workforce.

57. In response to members' comments, DS(CS) reiterated that retirement under the VR Scheme was entirely voluntary and the posts in question would not be deleted until the officers left the service on voluntary retirement.

58. Miss Emily LAU expressed support for the proposal. She was however concerned that upon implementation of the VR Scheme, the more competent officers would apply for retirement while the less competent would remain in service. She therefore enquired whether the Administration would consider setting any criteria for approving the applications in order that the quality of service would not be affected by the possible departure of capable staff.

59. In response, DS(CS) advised that the 59 grades included under the VR Scheme had identified or anticipated staff surplus. As regards the approval of applications, DS(CS) pointed out that the criteria should be simple, clear and objective. Using performance as one of the criteria might be problematic as subjective judgement would be involved. Hence, the Administration had decided to consider the applications in the light of whether the continuity and quality of service would be affected and where the number of applications exceeded the anticipated level, priority would be given to officers with longer service in the grade.

60. As regards the quality of service, DS(CS) advised that in considering the application for VR, individual Heads of Department/Grade should have regard to the operational requirements, exigencies of service and other circumstances specific to the grades/departments concerned.

61. Mr LEE Kai-ming said that initially, he was against the proposal. However, he subsequently noted that the VR Scheme was welcomed by some civil service staff as a viable option. He referred specifically to the Land Inspector (LI) Grade and queried whether there was any staff surplus when so many works projects were in full swing. He remarked that the Scheme would increase the workload of existing LIs as they had to take up the work of the departing LIs.

62. In reply, DS(CS) clarified that some of the 650 officers in the LI grade were already employed on contract terms. In designating the LI grade for inclusion into the VR Scheme, the Administration had considered the longer-term manpower needs of the grade, having regard to its work nature.

63. In response to Mr LEE Cheuk-yan's concern about the Administration's commitment on staff training following implementation of the VR Scheme, DS(CS) explained that the Administration would step up training and other assistance for staff in job transition and redeployment.

64. The Chairman put the proposal to vote. Mr LEE Cheuk-yan objected to the proposal. Miss CHAN Yuen-han, Mr CHAN Kwok-keung, Mr CHAN Wing-chan and Mr LEE Kai-ming abstained.

65. The Committee approved the proposal.

Item No. 8 - FCR(2000-01)28

HEAD 42 - ELECTRICAL AND MECHANICAL SERVICES DEPARTMENT

♦ Subhead 700 General other non-recurrent

New Item "Study on the Potential Applications of Renewable Energy in Hong Kong"

66. Noting that the study on renewable energy technologies would be completed in July 2003 and the recent report on excess generation capacity of one of the two power companies, Miss Emily LAU asked how and when the renewable energy technologies would be implemented. In response, the Principal Assistant Secretary for Economic Services (PAS(ES)) advised that Hong Kong had been relying mainly on fossil fuels to meet energy needs. However, due to increasing concern about greenhouse gas emissions which were by-products of burning fossil fuels, it was necessary to consider other sources of renewable energy to reduce emissions arising from energy use in the long run notwithstanding the availability of excess generation capacity in the short term. The proposed study would also assess the scale of application of renewable energy technologies in Hong Kong. The Administration would also study the implementation in the light of the findings of the Consultancy Study.

67. Dr Raymond HO expressed support for the proposal which in his view was overdue and urged that the three-year study period be shortened. In order to make the study more effective, he suggested that the latter part of the study should be undertaken in conjunction with the Mainland authorities. He added that the use of renewable energy such as solar energy or wind which required plenty of open space would be easier to be implemented in the Mainland. In response, the Principal Assistant Secretary for Environment and Food advised that the proposed study would be carried out in two stages. The key task for Stage 1 was to evaluate the different renewable energy technologies that would be appropriate for Hong Kong conditions. Stage 2 of the study would involve a design and build pilot project to install photovoltaic panels in buildings. It was expected that the first stage of the study would be completed by August 2001. Whether and how things should be taken forward could be considered in late 2001 in the light of the Stage 1 study findings.

68. Mr Kenneth TING expressed doubt if the two power companies would allow the renewable energy-generated power to be connected to their existing power supply networks. Miss Cyd HO shared Mr Ting's view. She asked whether the use of renewable energy would be confined to individual buildings or adopted on a territory-wide scale by the two power companies, or provided by a third power company set up to enhance market competition.

69. In reply, PAS(ES) clarified that the two power companies did not have a monopoly in power generation. The proposed consultancy study would make reference to overseas experience and consider options for technical and institutional arrangements for feeding electricity from stand-alone electricity power generation systems to the grid of the power companies so as to promote greater use of renewable energy and to reduce the use of fossil fuels.

70. The Committee approved the proposal.

71. The Committee was adjourned at 5:05 pm.