

立法會
Legislative Council

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Finance Committee of the Legislative Council

Minutes of the 3rd meeting
held at the Legislative Council Chamber
on Friday, 12 November 1999 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 David CHU Yu-lin
Hon HO Sai-chu, SBS, JP
Hon Cyd HO Sau-lan
Hon Edward HO Sing-tin, SBS, JP
Hon Michael HO Mun-ka
Ir Dr Hon Raymond HO Chung-tai, JP
Hon LEE Cheuk-yan
Hon Martin LEE Chu-ming, SC, JP
Hon LEE Kai-ming, SBS, JP
Hon Fred LI Wah-ming, JP
Dr Hon LUI Ming-wah, JP
Hon NG Leung-sing
Prof Hon NG Ching-fai
Hon Margaret NG
Hon MA Fung-kwok
Hon James TO Kun-sun
Hon CHEUNG Man-kwong
Hon Ambrose CHEUNG Wing-sum, JP
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 Gary CHENG Kai-nam, JP
Hon SIN Chung-kai
Hon Andrew WONG Wang-fat, JP
Hon Jasper TSANG Yok-sing, JP
Hon Howard YOUNG, JP
Dr Hon YEUNG Sum
Hon LAU Chin-shek, JP
Hon LAU Kong-wah
Hon Mrs Miriam LAU Kin-ye, JP
Hon Ambrose LAU Hon-chuen, JP
Hon CHOY So-yuk
Hon SZETO Wah
Hon Timothy FOK Tsun-ting, SBS, JP
Hon LAW Chi-kwong, JP
Hon TAM Yiu-chung, GBS, JP
Hon FUNG Chi-kin
Dr Hon TANG Siu-tong, JP

Members absent:

Hon Albert HO Chun-yan
Hon LEE Wing-tat
Hon Eric LI Ka-cheung, JP
Dr Hon David LI Kwok-po, JP
Hon Mrs Selina CHOW LIANG Shuk-ye, JP
Hon HUI Cheung-ching
Hon Christine LOH
Hon LEUNG Yiu-chung
Dr Hon Philip WONG Yu-hong
Hon WONG Yung-kan
Hon YEUNG Yiu-chung
Hon LAU Wong-fat, GBS, JP
Hon Emily LAU Wai-hing, JP
Hon Andrew CHENG Kar-foo

Public officers attending:

Miss Denise YUE, JP	Secretary for the Treasury
Mrs Carrie LAM, JP	Deputy Secretary for the Treasury
Mr K K LAM	Principal Executive Officer (General), Finance Bureau
Mr Patrick LI	Principal Assistant Secretary for Education and Manpower (2)

Mr S H PAU, JP	Director of Architectural Services
Mr C S POON	Assistant Director of Education
Ms Michelle LI	Principal Assistant Secretary for Education and Manpower (1)
Prof TAM Sheung-wai, JP	President of the Open University of Hong Kong
Prof C M LEUNG	Director of Technology Development of the Open University of Hong Kong
Mr J D WILLIS	Controller, Student Financial Assistance Agency
Mr Y M MO	Principal Education Officer of the Vocational Training Council
Mr Bobby CHENG	Principal Assistant Secretary for Trade and Industry
Mr Francis HO, JP	Director-General of Industry
Mr Andrew WELLS, JP	Deputy Secretary for Housing
Ms Lorna WONG	Principal Assistant Secretary for Housing
Miss L C WONG	Director (Estate Management), Hong Kong Housing Society
Mrs Julia WONG	Assistant Director (Estate Management), Hong Kong Housing Society

Clerk in attendance:

Ms Pauline NG	Assistant Secretary General 1
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Staff in attendance:

Miss Polly YEUNG	Chief Assistant Secretary (1)3
Ms Sarah YUEN	Senior Assistant Secretary (1)4

Item No. 1 - FCR(1999-2000)41

**RECOMMENDATIONS OF THE ESTABLISHMENT
SUBCOMMITTEE MADE ON 27 OCTOBER 1999**

The Committee approved the proposal.

Item No. 2 - FCR(1999-2000)42

**RECOMMENDATIONS OF THE PUBLIC WORKS
SUBCOMMITTEE MADE ON 20 OCTOBER 1999**

2. As members of the Public Works Subcommittee (PWSC) had requested that item PWSC(1999-2000)58 be considered separately, the Chairman put FCR(1999-2000)42, except item PWSC(1999-2000)58, to vote. The proposal was approved.

PWSC(1999-2000)58 HEAD 703 - BUILDINGS
Education - Primary
258EP - Primary school in area 29, Tuen Mun
265EP - Primary school at Hung Hom Bay,
Kowloon
269EP - Three primary schools at Po Kong
Village Road, Kowloon

3. Members noted PWSCI(1999-2000)26 which provided supplementary information on 269EP - Three primary schools at Po Kong Village Road, Kowloon. Members welcomed the Administration's positive action in responding to members' request at the PWSC meeting for revising the site plan to allow sharing of common facilities among the schools to be built on the site. Members in particular expressed appreciation of the revised plan drawn up by the Administration within such a short time. They considered that the Administration should continue to exercise creativity and flexibility in the planning of similar projects in future.

4. In response to Mr James TIEN's enquiry, the Principal Assistant Secretary for Education and Manpower (2) (PAS(EM)2) pointed out that the School Building Design Committee set up under the Education Department had examined the "school estate" concept for quite some time. Different concerned parties, including Architectural Services Department, representatives from school councils and parents and professional architects, were fully consulted. The Education Panel had also been briefed on the concept in March 1999. He further assured members that to facilitate smooth sharing of common facilities, their day-to-day management would be put under a management committee comprising representatives from the three primary schools and the secondary school in the "school estate".

5. As to how the management and maintenance costs of the common facilities would be shared among the four schools, PAS(EM)2 advised that funds for the management and maintenance of the shared facilities would be granted to the said management committee. In view of the substantial management costs for the common facilities, Dr TANG Siu-tong opined that they should preferably be put under the management of the Provisional Urban

Council or the new Leisure and Cultural Services Department, if the Provision of Municipal Services (Reorganisation) Bill was passed. In reply, PAS(EM)2 pointed out that as the common facilities would mainly be used by the four schools, it would be more appropriate for them to be managed by the management committee comprising representatives of the four users. He also confirmed that the Government would bear the management costs required.

6. Mr CHEUNG Man-kwong enquired if the common facilities would also be made available to the public for the periods not used by the schools. In response, PAS(EM)2 pointed out that during school hours, the facilities would be restricted for use by the four schools only. However, the four schools would be encouraged to make available their facilities for use by the community in line with the existing practice of encouraging public sector schools to open their facilities for community use.

7. Mr CHEUNG stressed that it was important to ensure that the private independent school on the same site would not be denied the use and management of the common facilities. Miss CHAN Yuen-han also expressed concern about the relatively isolated location of the private school which might not be conducive to sharing of common facilities.

8. In response, PAS(EM)2 reiterated that the four schools would be encouraged to allow the private school to use their facilities. On the other hand, the Administration would also encourage the private school, which would have very good music facilities, to allow the four schools to use its facilities. However, the Administration would not require mandatory sharing of facilities with the private school to avoid overloading the facilities. In this connection, members noted that where vehicular access was concerned, the "school estate" and the private school were using the same main entrance.

9. Mr SZETO Wah was of the view that the car and bus/coach parking area should also be put under the management committee and that careful planning should be carried out to ensure vehicle/pedestrian segregation within the school campus. In response, the Director of Architectural Services (D Arch S) advised that the layout of the "school estate" would enable students alighting from the school bus at the parking area to walk safely to their schools along the walkway which would be blocked from vehicular access except in emergencies and for the loading and unloading of goods. The Assistant Director of Education (AD of E) confirmed that the management committee would also be responsible for the management of the parking area.

10. Dr LUI Ming-wah asked whether it was feasible to provide one large primary school instead of three primary schools to facilitate management and economise on costs. AD of E pointed out that a school with too many classes might pose problems to management as well as sharing of facilities. He further explained that the three proposed primary schools in question would

accommodate three existing bi-sessional primary schools in the district to enable them to convert into whole-day operation. As the schools were run by different sponsoring bodies, it would not be appropriate to group them into a single school.

11. Noting that under the revised layout plan, a large portion of the originally proposed Road L3 would be integrated into the school campus as emergency vehicular access, Mr Edward HO enquired whether the costs for road works so saved could be used to cover the additional \$8 million in capital expenditure incurred as a result of the implementation of the revised proposal. In response, D Arch S confirmed that the cost of the revised scheme had taken into account the new road arrangement.

Admin

12. Mr Edward HO further enquired about the proposed use of the land surrounding the "school estate", and whether it could be used to enlarge the "school estate" and hence its football pitch. In reply, D Arch S advised that he understood the land was designated as district open space and he undertook to confirm after the meeting. As for the proposed site adjacent to the site of the four schools, D Arch S advised that it had already been earmarked for a clinic which was not part of the "school estate".

13. Dr TANG Siu-tong was concerned about the ten-month delay in the construction programme under the revised proposal as it might affect the intake of students. In response, PAS(EM)2 acknowledged the need to expedite the relevant works programme in order to facilitate the timely implementation of whole-day primary schooling. However, the delay was inevitable due to the lead time required for preparation of detailed drawings, re-submission of the revised plans to Government departments and utilities companies for endorsement and preparation of tender documents, etc.

14. In this connection, Mr HO Sai-chu, Chairman of PWSC, called upon members to approve the revised proposal so as to expedite works on the schools. While appreciating the Administration's attempt to absorb the additional cost from within the provision originally sought in PWSC(1999-2000)58, primarily by drawing down on the contingency provision for the project, Mr HO also called upon members to support additional funding in future if the extra costs under the revised proposal could not be met from the approved project estimate for 269EP.

15. The Committee approved the item.

Item No. 3 - FCR(1999-2000)43

HEAD 176 - SUBVENTIONS : MISCELLANEOUS

. New Capital Account Subhead “One-off grant to the Open University of Hong Kong for the establishment of a Regional Learning Centre”

16. Mr TAM Yiu-chung expressed support for the proposal and enquired about the annual expenditure for renting classrooms before and after the establishment of the proposed Regional Learning Centre (RLC). He also asked whether the RLC would enable the Open University of Hong Kong (OUHK) to offer more programmes and enrol more students.

17. In reply, the Director of Technology Development (DTD), OUHK advised that at present, about \$10 million was spent on renting classrooms each year. The proposed RLC would meet 28% of OUHK's total need for teaching space and it was estimated that some \$3 million on rental could be saved each year. He also informed members that OUHK was actively considering the possibility of offering day-time programmes for secondary school graduates prior to entering universities and the proposed RLC would facilitate the OUHK in running additional programmes.

18. In response to Mr LEE Kai-ming's suggestion of utilising the facilities of universities during weekends/holidays, the Principal Assistant Secretary for Education and Manpower (1) (PAS(EM)1) explained that most universities also ran continuing education programmes in the evenings or during weekends/holidays. They would therefore give priority to their own courses in the use of teaching facilities. Nevertheless, she assured members that OUHK would continue to work in conjunction with University Grants Committee-funded institutions with a view to utilizing resources in the most efficient manner.

19. Referring to the continued need to rely heavily on the renting of classrooms for meeting OUHK's needs, Mr LEE further questioned if there was any intention to build additional RLCs. The President, OUHK confirmed that there was no such plan for the time being. He stressed that the need for additional centres would be assessed in the light of the operational experience and cost-effectiveness of the proposed RLC after it was open for use.

20. On whether OUHK would continue to rent classrooms from secondary schools for conducting tutorials after the establishment of the RLC, members noted that at present, OUHK rented classrooms from secondary schools on a semester to semester basis. PAS(EM)1 explained that it was the policy of the Education and Manpower Bureau (EMB) to encourage secondary schools to fully utilize their facilities after school hours and these schools would not cease renting classrooms to OUHK after the establishment of the RLC.

21. Miss Margaret NG asked whether the establishment of the RLC was indicative of a possible reversal to the conventional mode of learning, instead of a distance learning mode. In response, the President and the DTD, OUHK, confirmed that the proposed RLC would mainly be used for conducting tutorials. For courses of 10 credit hours, tutorials were held once every three or four weeks. In a conventional university, however, students usually met 10 hours a week for a 10 credit hour course. In delivering programmes through a distance learning mode, OUHK would issue students with the course materials and study guides, either in print form or electronically, supplemented by face-to-face tutorials for effective teaching and learning. Members noted that attendance at tutorials was not mandatory for students and they could also contact their tutors by phone or other means such as e-mail.

22. On the location of the proposed RLC, President, OUHK informed members that the proposed centre would be located in a B-class commercial building along the Mass Transit Railway line for the travelling convenience of students, most of whom were working adults. The current market price for such premises was about \$4,000 per square foot. Since March 1999, OUHK had been considering several suitable premises.

23. Some members expressed concern about the adequacy or otherwise of the estimated total cost of \$100 million for the project. They noted that a grant of \$150 million was provided by the Government in 1992 to meet only the bulk of the construction cost of OUHK's permanent campus in Ho Man Tin. Mr CHEUNG Man-kwong queried whether it was fair to require OUHK to find its own financial support for the remainder of the present project. He considered that the Government should at least bear the full cost of capital works, instead of requiring OUHK to contribute towards such costs which might ultimately be transferred to students in the form of high tuition fees.

24. In response, PAS(EM)1 said that the estimated cost was a realistic estimate based on OUHK's research on the property market conducted earlier this year. On the \$50 million to be borne by OUHK under the project, President, OUHK confirmed that the Hong Kong Jockey Club had already pledged a grant of \$15 million to OUHK while the remaining \$35 million would be met by OUHK's reserve fund.

25. Whilst supporting the provision of more opportunities for continuing education, Miss CHAN Yuen-han urged the Administration to review its funding policy for OUHK vis a vis some \$2 billion being provided to the Vocational Training Council each year. Dr LUI Ming-wah shared similar views and opined that as a result of the need to support itself financially, OUHK might have to charge higher tuition fees which in the long run would defeat the objective of promoting life-long learning in the community.

26. In response, PAS(EM)1 advised that although the OUHK operated on a self-financing basis, the Government had, in the past few years, provided capital grants to support worthwhile initiatives of OUHK. The present proposal of providing a dollar-for-dollar matching grant had been discussed and agreed by the Administration and the OUHK to be the most appropriate form of funding for the proposed RLC. As regards the Government's commitment to promoting higher and life-long learning, PAS(EM)1 stressed that the Administration had provided various forms of assistance such as tax concession, financial assistance for students and funding support for learning institutions. She further pointed out that expenditure on higher education accounted for about one-third of the total expenditure on education.

27. Professor NG Ching-fai stated his support for the proposal and enquired whether the present proposal had set a precedent of providing similar matching grants to other institutions offering continuing education. In response, the Secretary for the Treasury (S for Tsy) advised that each case would have to be considered on its own merits.

28. In view of the Government's current budgetary constraint, Mr James TIEN enquired whether consideration had been given to leasing suitable premises for OUHK for the next few years. He remarked that under current market conditions, OUHK should be able to acquire suitable venues to set up learning centres at a reasonable rental.

29. In reply, PAS(EM)1 advised that the Council of OUHK had already considered different options including the leasing of venues but had concluded that the present proposal was the most viable. She also pointed out that considerable fitting-out might be required in the leased premises to cater for teaching purposes. In this connection, S for Tsy confirmed that the present proposal had the support of the Finance Bureau which considered the \$50 million matching grant a worthwhile contribution to the policy objective of promoting life-long learning. She nevertheless stressed that the proposed grant was not a measure intended to boost the property market.

30. Mr SZETO Wah was also of the view that the Government should provide greater support to OUHK, at least in funding its capital works projects. Referring to the Education Department's recent proposal on an educational resources centre which would be conveniently located at a building to be constructed over the Kowloon Tong station, Mr SZETO urged the Government to consider adding more storeys to the said building so as to provide premises for the proposed RLC of OUHK. He expressed support for the present proposal but opined that the Administration should also explore other viable options.

31. In response, PAS(EM)1 informed members that EMB was actively considering adding one to two storeys to the proposed educational resources

centre building for use by continuing education providers. However, on whether expansion of the building was possible, she remarked that due regard had to be made to the permissible plot ratio, height restriction, other planning requirements and funding.

32. Mr Andrew WONG suggested that the Government might consider purchasing a factory building located along the Mass Transit / Kowloon Canton Railway line for conversion to educational uses. In response, S for Tsy pointed out that proposed changes in land use would require approval by the Town Planning Board and the conversion of industrial premises to Government, Institution and Community use was also subject to statutory procedures which would take time.

33. Miss Margaret NG remarked that as the present proposal was acceptable to both the Government and OUHK and if members also considered it worthwhile, they should support it, instead of proposing to pursue other courses of action and discussing them in detail on this occasion. She urged that this item be put to vote.

34. In this regard, the Chairman pointed out that in the course of discussion, members had raised a number of concerns on the existing policy of providing financial support to OUHK. He suggested and members agreed that these policy issues should be followed up by the Education Panel.

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35. The Committee approved the proposal.

Item No. 4 - FCR(1999-2000)44

LOAN FUND

HEAD 254 - LOANS TO STUDENTS

. Subhead 102 Non-means-tested loan scheme for students of government-funded tertiary institutions, Open University of Hong Kong and Hong Kong Shue Yan College

36. Mr CHEUNG Man-kwong expressed support for the proposed expansion of the ambit of the Non-means Tested Loan Scheme (NLS) but queried the fairness of charging loan recipients a 1.5% risk-adjusted factor on top of the interest rate set at the Government's no-gain-no-loss rate (currently 6.5% per annum). He considered that to render effective assistance to students pursuing higher education and to promote the mission of life-long learning, the 1.5% risk factor should be critically re-examined. He urged the Administration to consider paying a rebate to students being overcharged if so confirmed by the forthcoming review on NLS.

37. The Chairman suggested that the Administration should consider other methodologies such as charging 0.5% above the no-gain-no-loss rate in the initial stage. If subsequent experience revealed that the Administration's risk could not be covered, then, it might charge a higher rate above the no-gain-no-loss rate at the next stage. He considered that this might help relieve the interest burden on students.

Admin

38. In response, PAS(EM)1 advised that apart from the NLS, other forms of financial assistance such as low-interest loans and grants were also available to full-time students of tertiary institutions. Loans disbursed under NLS were non-means tested and unsecured and the 1.5% factor sought to cover the Government's risk. She nevertheless confirmed that the 1.5% risk factor would be reviewed in late 2000 in the light of the repayment and default situation.

39. On the terms and conditions of repayment under the NLS, PAS(EM)1 advised that they were already stipulated in the agreements signed with the applicants. In this connection, S for Tsy re-affirmed that members' suggestions would be carefully considered in the review on NLS. However, she explained that whilst some members called for a rebate, there might be a corresponding need for the Administration to consider whether or not to recoup the amount from recipients if the review confirmed that the 1.5% risk factor was insufficient to cover bad debts under the NLS. She highlighted the importance of striking a balance between providing financial assistance to needy students and prudent management of public funds.

40. Mr CHEUNG Man-kwong stated that the Administration should bear in mind the overall importance of life-long learning and the well-being of students instead of strictly monitoring the payout from the NLS as if it were a commercial business.

41. S for Tsy stressed that the NLS was in no way run as a commercial business, having regard to the low interest rate it charged. As to the Administration's commitment in promoting life-long learning, S for Tsy referred to tax incentives such as an increase to \$30,000 a year in the maximum deduction for training expenses for the purpose of Salaries Tax.

42. In reply to the Chairman's enquiry about the bad debt situation under the NLS, the Controller, Student Financial Assistance Agency (C, SFAA) said that as the NLS was newly introduced, loan repayment would not be due until 1 January 2000. Referring to means-tested loans disbursed under the existing Local Student Finance Scheme, C, SFAA informed members that there had been bad debts in terms of write-offs resulting from, for example, the death of the loan recipient. The number of cases with payment overdue for over six months accounted for some 1.4% of the total cases of repayment which was slightly higher than the rate in previous years. He nevertheless took note of

members' concerns about the 1.5% risk factor which would be examined by the Joint Committee on Student Finance in the context of the comprehensive review of NLS.

43. Whilst expressing support for the proposal, Professor NG Ching-fai enquired about the feasibility of suitably adjusting the administrative fee of \$165 payable upon application and annually thereafter until full repayment of the NLS loan. The Chairman shared similar concern and asked whether consideration could be given to charging a lower annual fee in subsequent years after fresh application.

Admin

44. C, SFAA informed members that the \$165 annual administrative fee was set on a full cost recovery basis to cover costs incurred in processing applications, renewals and repayments for staff, materials and development of the computer system. He nevertheless took note of members' suggestions for further consideration in the review of NLS. In this regard, Professor NG Ching-fai commented that the use of Internet and e-mail might be useful in reducing some of the costs.

45. The Committee approved the proposal.

Item No. 5 - FCR(1999-2000)45

LOAN FUND

HEAD 275 - SMALL AND MEDIUM ENTERPRISES

. Subhead 101 Special finance scheme for small and medium enterprises

46. Noting that the Administration intended to terminate the Special Finance Scheme (SFS) for Small and Medium Enterprises (SMEs) as soon as circumstances permitted, Mr Kenneth TING asked whether the Administration would seek the views of major chambers of commerce and industries before making a decision. The Chairman cautioned that even if the general economy in Hong Kong improved, SMEs would remain susceptible for some time due to the existing lending policies of banks and the liquidity problems of some banks. Mrs Sophie LEUNG shared his concern. Dr LUI Ming-wah also considered that the SFS should continue for at least one more year.

47. Acknowledging members' concern, the Director-General of Industry (DG of I) advised that the exact timing for terminating the Scheme would depend on a number of factors such as the default trend and SMEs' financing situation in general and the performance of the economy. For the time being, the Administration had no plan to terminate the Scheme unless there were firm indications of recovery in the economy and in the liquidity of the banking system. He nevertheless said that it was too early to confirm the arrangements to be made for terminating the Scheme.

48. In response to Mr James TIEN's concern about the default rates of SMEs as reported by some leading banks, DG of I clarified that the default rates ranging from 1.2% to 8.9% as reported in the discussion paper referred to the general default rates of SMEs, not the rates under the SFS. Although the latest default rate of about 2.2% under the SFS was relatively low, DG of I cautioned that since the Scheme had only been in operation for slightly over one year and that only a small number of guaranteed loans had become mature, it was too early to arrive at a definitive conclusion on the future pattern of defaults.

49. Regarding the applications for assistance under SFS currently on the waiting list, DG of I confirmed that upon approval of the present proposal, these applications would be processed on a first-come, first-served basis. As to whether the Administration would step up publicity of the Scheme, DG of I pointed out that while the Administration would continue to publicize the SFS, he believed that the banks would also intensify their publicity efforts to promote their credit facilities following the doubling of the ceiling of guarantee under the Scheme.

50. Mr SIN Chung-kai expressed support for the proposal. He nevertheless said that Members of the Democratic Party were worried about the possible increase in default cases as a result of the risk-sharing ratio of 70:30 between the Government and participating lending institutions (PLIs). To prevent abuse, he urged the Administration to consider adopting a flexible approach in setting the risk-sharing percentage for individual PLIs subject to their number of default cases or default amount.

51. In response, DG of I explained that in practice, it might not be appropriate to vary the risk-sharing percentage among PLIs on the basis of their default rates under the SFS, bearing in mind that participation in the Scheme was voluntary and that the overall default rates for SMEs could range from 1.2% to 8.9% without any Government guarantee. He further reminded members that one of the underlying principles of the SFS was its market-driven nature of operation and the reliance on PLIs to vet and approve loan applications in accordance with their policies.

52. In this connection, the Chairman commented that lowering the Government's percentage in the risk-sharing ratio under the SFS might reduce the incentive for banks and financial institutions to participate in the Scheme.

53. Dr LUI Ming-wah shared the view that the Government's current share in the risk-sharing ratio should not be further lowered. He requested the Administration to provide a breakdown by industry/trade of the loans guaranteed under the SFS so far, as well as further information on the 29 default cases.

Admin

Admin

54. In reply, DG of I said that about 39% of the guaranteed loans were for the manufacturing sector, while the import/export and retail/wholesale sectors each accounted for some 20% of such loans. He would confirm the required breakdown in writing. As regards the default cases, DG of I advised that the information on individual defaulting enterprises could not be released as it was strictly confidential between the banks and their clients. Nevertheless, DG of I agreed to provide a breakdown by industry/trade.

55. On a longer-term perspective, Mrs Sophie LEUNG pointed out that in assessing the competitiveness of SMEs in Hong Kong, due consideration should be given to the effect on the economy of Hong Kong and its neighbouring region of China's entry into the World Trade Organization. The Administration took note of her view.

56. The Committee approved the proposal.

Item No. 6 - FCR(1999-2000)46

LOAN FUND

HEAD 251 - HOUSING

Hong Kong Housing Society

. Subhead 116 Home Starter Loan Scheme

57. Mr Kenneth TING was concerned that non-elderly singletons earning \$22,000 a month and with assets of \$400,000 might already possess the necessary purchasing power. In response, the Deputy Secretary for Housing (DS(H)) said that the basis for determining the eligibility criteria of non-elderly singletons for the Home Starter Loan Scheme (HSLs) was in principle the same as that for family applicants. He further explained that in an extreme scenario where a singleton applicant was able to obtain the maximum loan amount of \$300,000 and willing to spend 50% of his/her maximum monthly income of \$22,000 on mortgage repayment, the applicant might be able to purchase a property worth some \$1.5 million under current market conditions.

58. As to whether singleton applicants with assistance from the HSLs would be able to purchase properties of a higher standard than family applicants, DS(H) pointed out that the choice of properties would be a matter for individual applicants, having regard to factors such as their own accommodation needs and the location and quality of the prospective property.

59. The Committee approved the proposal.

60. The Committee was adjourned at 4:30 pm.

Legislative Council Secretariat
24 February 2000