

LC Paper No. FC21/99-00
(These minutes have been
seen by the Administration)

Ref : CB1/F/1/2

Finance Committee of the Legislative Council

**Minutes of the 2nd meeting
held at the Legislative Council Chamber
on Friday, 22 October 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 Albert HO Chun-yan
Hon Michael HO Mun-ka
Ir Dr Hon Raymond HO Chung-tai, JP
Hon LEE Wing-tat
Hon Martin LEE Chu-ming, SC, JP
Hon Eric LI Ka-cheung, 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 Mrs Selina CHOW LIANG Shuk-ye, JP
Hon James TO Kun-sun
Hon CHEUNG Man-kwong
Hon Ambrose CHEUNG Wing-sum, JP
Hon HUI Cheung-ching
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
Hon Jasper TSANG Yok-sing, JP
Dr Hon YEUNG Sum
Hon YEUNG Yiu-chung
Hon LAU Chin-shek, JP
Hon LAU Wong-fat, GBS, JP
Hon Mrs Miriam LAU Kin-yea, 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
Dr Hon TANG Siu-tong, JP

Members absent:

Hon LEE Cheuk-yan
Dr Hon David LI Kwok-po, JP
Hon MA Fung-kwok
Hon Christine LOH
Dr Hon Philip WONG Yu-hong
Hon WONG Yung-kan
Hon Howard YOUNG, JP
Hon LAU Kong-wah
Hon Emily LAU Wai-hing, JP
Hon Andrew CHENG Kar-foo
Hon FUNG Chi-kin

Public officers attending:

| | |
|------------------------|---|
| Mrs Carrie LAM, JP | Deputy Secretary for the Treasury |
| Mr K K LAM | Principal Executive Officer (General), Finance Bureau |
| Mr Philip K F CHOK, JP | Deputy Secretary for Education and Manpower |
| Ms Michelle LI | Principal Assistant Secretary for Education and Manpower |

| | |
|--|---|
| Mr Nigel FRENCH, JP | Secretary-General, University Grants Committee |
| Miss YAU Kwai-chong, Eliza Mr FOO Tsun-kong | Principal Assistant Secretary for Security Regional Commander Marine, Hong Kong Police Force |
| Mr TANG Chi-kuen | Senior Project Engineer, 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 Sarah YUEN | Senior Assistant Secretary (1)4 |

Item No. 1 - FCR(1999-2000)39

HEAD 190 - UNIVERSITY GRANTS COMMITTEE
. Subhead 492 Grants to UGC-funded institutions

Mr YEUNG Yiu-chung stated that Members of the Democratic Alliance for Betterment of Hong Kong were in support of the proposal in principle. He nevertheless enquired about the reasons for the shortfall of \$329.7 million in tuition fee income for the 1999-2000 academic year which was substantially higher than that of \$129.5 million in 1998-99.

2. In response, the Deputy Secretary for Education and Manpower (DS(EM)) advised that in determining recurrent funding for the University Grants Committee (UGC)-funded institutions, an estimate on the assumed income from tuition fees was made. If the actual fee levels subsequently approved by the Administration for a certain academic year were lower than those assumed in determining the recurrent grant, the Government would normally provide funds to meet the shortfall. The higher shortfall in tuition fee income for 1999-2000 was because the fee level had been frozen for the second consecutive year since 1997-98. To illustrate, DS(EM) pointed out that the assumed tuition fee income per student was \$47,300 for 1999-2000 but the actual income per student was only about \$42,100 as a result of the freeze on tuition fee.

3. Dr LEONG Che-hung expressed concern about possible over-supply of university graduates and enquired whether the Government would

rationalise the university training programmes having regard to Hong Kong's manpower needs. The Chairman added that consideration should be made to matching the training programmes with the market needs. He enquired if it was feasible to rationalise the courses to avoid overlapping and over-supply of the same types of programmes in different universities.

4. The Secretary-General, UGC (SG, UGC), in response, advised that the higher education system was being examined in the context of the Education Commission's comprehensive review of the entire education system in Hong Kong. He however did not subscribe to the view that there was an over-supply of university graduates as at present, only about 18% of the relevant age group in Hong Kong were receiving university education while the relevant percentage ranged from 35% to 60% in neighbouring regions. SG, UGC added that even if persons attending higher/post-secondary vocational training programmes were included, the relevant percentage would only be about 25%. In this connection, members agreed that where necessary, policy issues related to higher education should be pursued at the Education Panel.

5. The Committee approved the proposal.

Item No. 2 - FCR(1999-2000)40

CAPITAL WORKS RESERVE FUND HEAD 708 - CAPITAL SUBVENTIONS AND MAJOR SYSTEMS AND EQUIPMENT

Hong Kong Police Force

. New Subhead "Replacement of the Marine Police Region radar surveillance system"

6. Mr Edward HO expressed support for the proposal. However, noting that the existing radar surveillance system (RSS) had been approved by the Finance Committee (FC) in April 1994 and commissioned as recently as 1996-97, Mr HO considered that the Administration should take into account the latest technological developments in preparing its funding requests for major equipment so as to procure up-to-date equipment and obviate the need for replacement/upgrading shortly afterwards. He also queried the long time taken before the digital RSS could be commissioned and pointed out that upon its commissioning at the end of 2002, the system might become obsolete again. His views were echoed by the Chairman.

7. In response, the Regional Commander Marine, Hong Kong Police Force (HKPF) and the Senior Project Engineer, Electrical and Mechanical Services Department (Sr Project Engr/E&MSD) advised that there was a need to go through all the necessary procurement procedures and the Administration was already working against a very tight schedule. In view that the \$226 million

procurement exercise of the vessel traffic services (VTS) system of the Marine Department (MD) was a major one, Sr Project Engr/E&MSD considered the 35-month implementation period for the present proposal, which would be included in the said exercise, reasonable.

8. In connection with FC's approval of funding for the replacement/upgrading of MD's VTS system, Mr Edward HO asked whether FC had been advised of the consequential need to replace the RSS of the Marine Police when it considered funding for the replacement/upgrading of MD's VTS system on 11 June 1999. In reply, the Deputy Secretary for the Treasury (DS(Tsy)) confirmed in the negative. The Principal Assistant Secretary for Security (PAS(S)) supplemented that the Police had reviewed without delay their RSS requirements following MD's decision to replace its VTS system and had considered it necessary to replace the existing RSS in analogue format with a digital one.

9. In this connection, the Chairman suggested that where a funding request had direct implications on the funding needs of other services, such implications should be stated in the relevant paper to facilitate FC's consideration of the overall funding requirements. In response, DS(Tsy) acknowledged the need for better co-ordination of related funding requests and agreed that the Finance Bureau would consider issuing guidelines to remind policy bureaux to include, where applicable, the aforesaid information in the relevant submissions to FC.

Admin

10. On the fees for consultancy and project management charged by the Electrical and Mechanical Services Trading Fund (EMSTF), the Deputy Chairman considered the fee level too high and asked whether consideration had been given to awarding the project through a more competitive process.

11. In response, PAS(S) confirmed that the Police could untie from the use of EMSTF services from August 2002 onwards. She assured members that in deciding to use the services of EMSTF for the present project, the Police had considered all relevant factors including technicality of the project, operational smoothness and the cost of similar consultancy and project management services provided by consultants in the private sector. In this connection, members noted that to benefit from bulk discount and savings in installation costs at remote radar sites, the proposed RSS would be included in the procurement exercise of MD's VTS system which was also undertaken by EMSTF. The Deputy Chairman nevertheless opined that EMSTF charges for the present case ought to be lower as the two procurement exercises would be processed concurrently.

12. Mr Edward HO sought clarification on whether the Administration had conducted any study on the level of fees charged by EMSTF vis a vis the prevailing market rates. In response, PAS(S) said that the Administration had

Admin not sought any specific quotation on the present proposal from consultants in the private sector. However, the Administration had made reference to the cost involved in implementing similar projects in the private sector. As regards the source of such cost information, PAS(S) and Sr Project Engr/E&MSD referred to the consultancy study commissioned by E&MSD in 1998 which covered, inter alia, the levels of consultancy fees charged by EMSTF and the private sector, as well as to existing information available to the E&MSD on the market rates for similar projects. At members' request, Sr Project Engr/E&MSD agreed to provide members with relevant findings in the said consultancy study after the meeting.

13. At the Chairman's invitation, DS(Tsy) recapitulated that under a three-year phased programme starting from 1 August 1999, Government departments would untie from the use of EMSTF services. By 1 August 2002, EMSTF would have to compete with other service providers in the private sector to bid for Government jobs. At present, nine departments were already at liberty to procure the required services from other providers in the market. DS(Tsy) stressed the need to adopt a phased approach having regard to the implications on existing staff in E&MSD. She nevertheless pointed out that the efficiency and cost-effectiveness of EMSTF had been demonstrated in its successful bid for contracts of the Hong Kong International Airport at Chek Lap Kok.

Admin 14. Dr Raymond HO stated that he supported the present proposal. He considered that to safeguard the employment opportunities of existing E&MSD staff, Government departments should award their jobs to EMSTF if the fees they charged were broadly in line with those charged by competitors in the market. Addressing Dr HO's concerns, the Administration would confirm in writing whether EMSTF could also bid for jobs in the private sector along with other service providers.

15. Mr Gary CHENG Kai-nam referred to recent press reports that staff of the Marine Police were gravely concerned about cancer hazards posed by radar systems. He sought information on whether the proposed RSS was free from such hazards.

16. Sr Project Engr/E&MSD explained that the function of the proposed RSS was to receive raw data from the digital VTS system of the MD for onward transmission to the Marine Police Headquarters in Sai Wan Ho upon the commissioning of the VTS system in early 2003. The question of radar radiation would not arise in connection with the proposed RSS.

17. To allay the worry of Marine Police staff about radiation hazards, the Regional Commander Marine, HKPF confirmed that the Police would seek expert opinion from specialists again. In reply to Mr LAU Chin-shek's question about the latest progress of the Marine Police's survey on radiation, the Regional Commander Marine, HKPF advised that pending collection of all

necessary data, the Police would follow-up as appropriate. He further advised that past research had shown no direct relationship between radar radiation and cancer but the department nevertheless acknowledged the concerns of staff.

18. In reply to Dr LUI Ming-wah's question on whether there were any safeguards against radiation from radar which might cause cancer, Sr Project Engr/E&MSD advised that the guidelines issued by the International Radiation Protection Association had provided, inter alia, certain safety standards, as well as the maximum safety limits on the level of radar radiation to which operating staff and the community could be exposed.

19. Noting that the open modular architecture of digital systems could allow for later expansion of the system, Mr LEE Kai-ming enquired about the feasibility of expanding MD's VTS system to encompass the functions of the proposed RSS so that there would be one single, consolidated radar surveillance system for both departments.

20. In reply, Sr Project Engr/E&MSD advised that although RSS relied on the VTS system for raw radar data, the two independent systems functioned in their own ways to meet the different operational requirements of MD and the Marine Police. Members further noted that the technical feature of open modular architecture mainly catered for system replacement/upgrading, rather than for the expansion in the scope of functions.

21. Mr NG Leung-sing expressed support for the proposal and enquired about the deployment of staff to operate the new RSS. In response, the Regional Commander Marine, HKPF confirmed that at present, eight police officers were responsible for operating the existing system and the new RSS would also be manned by eight officers as the operating procedures would be the same. He further pointed out that officers of the Marine Police were subject to posting to perform different duties within the Force.

22. The Committee approved the proposal.

23. The Committee was adjourned at 3:20 pm.