

**立法會**  
**Legislative Council**

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**Finance Committee of the Legislative Council**

**Minutes of the 12<sup>th</sup> meeting  
held at the Legislative Council Chamber  
on Friday, 30 May 2003, at 2:30 pm**

**Members present:**

Dr Hon Philip WONG Yu-hong (Chairman)  
Hon NG Leung-sing, JP (Deputy Chairman)  
Hon Kenneth TING Woo-shou, JP  
Hon James TIEN Pei-chun, GBS, JP  
Dr Hon David CHU Yu-lin, JP  
Hon Cyd HO Sau-lan  
Hon Albert HO Chun-yan  
Ir Dr Hon Raymond HO Chung-tai, JP  
Hon LEE Cheuk-yan  
Hon Eric LI Ka-cheung, JP  
Dr Hon David LI Kwok-po, GBS, JP  
Hon Fred LI Wah-ming, JP  
Dr Hon LUI Ming-wah, JP  
Hon Margaret NG  
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP  
Hon James TO Kun-sun  
Hon CHEUNG Man-kwong  
Hon HUI Cheung-ching, JP  
Hon CHAN Yuen-han, JP  
Hon Bernard CHAN, JP  
Hon CHAN Kam-lam, JP  
Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP  
Hon LEUNG Yiu-chung  
Hon Andrew WONG Wang-fat, JP  
Hon WONG Yung-kan  
Hon Jasper TSANG Yok-sing, GBS, JP

Hon Howard YOUNG, JP  
Dr Hon YEUNG Sum  
Hon YEUNG Yiu-chung, BBS  
Hon LAU Kong-wah  
Hon Ambrose LAU Hon-chuen, GBS, JP  
Hon Emily LAU Wai-hing, JP  
Hon CHOY So-yuk  
Hon Andrew CHENG Kar-foo  
Hon SZETO Wah  
Dr Hon LAW Chi-kwong, JP  
Hon TAM Yiu-chung, GBS, JP  
Dr Hon TANG Siu-tong, JP  
Hon LI Fung-ying, JP  
Hon Henry WU King-cheong, BBS, JP  
Hon Tommy CHEUNG Yu-yan, JP  
Hon Michael MAK Kwok-fung  
Hon Albert CHAN Wai-yip  
Hon LEUNG Fu-wah, MH, JP  
Dr Hon LO Wing-lok  
Hon WONG Sing-chi  
Hon Frederick FUNG Kin-kee  
Hon IP Kwok-him, JP  
Hon LAU Ping-cheung  
Hon Audrey EU Yuet-mee, SC, JP  
Hon MA Fung-kwok, JP

**Members absent:**

Hon Martin LEE Chu-ming, SC, JP  
Hon CHAN Kwok-keung  
Hon SIN Chung-kai  
Hon LAU Chin-shek, JP  
Hon LAU Wong-fat, GBS, JP  
Hon Miriam LAU Kin-yee, JP  
Hon Timothy FOK Tsun-ting, SBS, JP  
Hon Abraham SHEK Lai-him, JP

**Public officers attending:**

Mr Frederick MA Si-hang, JP	Secretary for Financial Services and the Treasury
Mr Alan LAI Nin, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Mr Stanley YING, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1

Mrs Jennie CHOK	Deputy Secretary for Security
Mr David WONG	Principal Assistant Secretary for Security
Mrs Erika HUI	Assistant Commissioner for Tourism
Mr CHAN Kong-sang, Dicky, CSDSM	Assistant Commissioner of Correctional Services
Mr HUNG Wai Cheung	Chief Superintendent of Correctional Services
Mr C H YUE, JP	Director of Architectural Services
Mr Stephen IP, GBS, JP	Secretary for Economic Development and Labour
Mr CHEUNG Kin-chung, Matthew, JP	Permanent Secretary for Economic Development and Labour (Labour)
Mr TING Fook Cheung, Fred, JP	Commissioner for Labour
Mr Edmond LAU	Principal Assistant Secretary for Financial Services and Treasury (Financial Services)
Mr Eugene FUNG	Assistant Director-General of Trade and Industry Department
Mr Antony LEUNG, GBS, JP	Financial Secretary
Mr Henry TANG, GBS, JP	Secretary for Commerce, Industry and Technology
Mr Patrick HO, JP	Secretary for Home Affairs
Miss Denise YUE, GBS, JP	Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)
Miss Yvonne CHOI, JP	Director of Information Services
Mr M J T ROWSE, JP	Director-General of Investment Promotion
Ms Eva CHENG, JP	Commissioner for Tourism
Ms Clara CHONG	Executive Director, Hong Kong Tourism Board
Ms Anissa WONG, JP	Director of Leisure and Cultural Services
Ms Janet WONG, JP	Director of Home Affairs
Ms Lolly CHIU, JP	Deputy Secretary for Home Affairs
Ms Ophelia TSANG	Associate Director-General of Investment Promotion

**Clerk in attendance:**

Ms Pauline NG	Assistant Secretary General 1
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**Staff in attendance:**

Miss Polly YEUNG  
Mr Matthew LOO  
Ms Caris CHAN  
Mr Frankie WOO

Chief Assistant Secretary (1)3  
Senior Assistant Secretary (1)3  
Senior Legislative Assistant 1  
Legislative Assistant 2

Action

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The Chairman informed members that earlier this week, the Administration proposed to revise the agenda of the meeting to include two funding proposals related to the Severe Acute Respiratory Syndrome (SARS). As the meeting to consult the Panel on Financial Affairs (FA Panel) on the proposals was held on 29 May 2003, the relevant discussion papers FCR(2003-04)15 and FCR(2003-04)18 were only provided to the Secretariat in the evening of 29 May 2003 and at about 11 am on 30 May 2003 respectively. Upon receipt of the papers, the Secretariat had immediately issued them to members.

2. The Chairman highlighted his grave concern about the late provision of papers as it was important that members should be given adequate time to peruse the Administration's proposals before making a decision on them. He had expressed his dissatisfaction to the Secretary for Financial Services and the Treasury (SFST) about the late provision of the two papers. Nevertheless, in consideration of the urgent need for the funding in question, the Chairman said that he had given exceptional approval to include the two items on the agenda for this meeting.

3. In this connection, Ms Emily LAU expressed dissatisfaction about the deviation from the procedural requirement that papers should normally be provided at least five clear days before the relevant Finance Committee (FC) meeting. She highlighted the importance of timely provision of papers in order that members could have sufficient time to consider the proposals and consult relevant parties. In reply to Ms LAU, the Chairman reiterated that he also attached great importance to the timely provision of papers. However, having balanced the need to observe procedural requirements and the urgency of the matter, he had exercised discretion to include the items on the agenda in order that members be given the earliest opportunity to consider the proposals and gave timely approval to help relieve the SARS-impacted industries. The Chairman further advised that where individual members considered that more time was required to consider the items, they could move a motion to adjourn discussion of the proposals.

**Item No. 1 - FCR(2003-04)11**

**RECOMMENDATIONS OF THE ESTABLISHMENT  
SUBCOMMITTEE MADE ON 21 MAY 2003**

4. The Committee approved the proposal.

**Item No. 2 - FCR(2003-04)12**

**RECOMMENDATIONS OF THE PUBLIC WORKS SUBCOMMITTEE  
MADE ON 7 MAY 2003**

5. At members' request to consider and vote on PWSC(2003-04)15 separately, the Chairman put FCR(2003-04)12, except PWSC(2003-04)15, to the vote. Members approved the proposal.

**PWSC(2003-04)15      73LC      Reprovisioning of Victoria Prison at  
Lai Chi Kok old staff married  
quarters site**

6. As members did not have any questions on PWSC(2003-04)15, the Chairman put the item to vote. The Committee approved the item.

**Item No. 3 - FCR(2003-04)18**

**Head 157 - GOVERNMENT SECRETARIAT : ECONOMIC  
DEVELOPMENT AND LABOUR BUREAU (LABOUR  
BRANCH)**

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

**Item 050 Loan Guarantee Scheme for Severe Acute Respiratory Syndrome  
Impacted Industries**

7. Members noted that the "Loan Guarantee Scheme for Severe Acute Respiratory Syndrome impacted industries" (the Scheme) was approved by FC on 25 April 2003 vide FCR(2003-04)6. The present proposal sought to relax the requirements on the use of the loans and on the guarantee from shareholders.

8. The Secretary for Economic Development and Labour (SEDL) apologized about the late provision of the paper. He explained that further to his reply to the Oral Question raised by Mr Tommy CHEUNG at the Council meeting on 28 May 2003, there was a strong urge from Members that the Administration should formulate further improvements to the Scheme for FC's consideration at the earliest opportunity. However, the Administration needed to sort out certain detailed arrangements with the banking sector before

finalizing the paper. One such arrangement was the formula adopted for capping the size of the loan (paragraph 6 of the paper). The discussion with the banking sector was only concluded on the day before the FC meeting, hence, there was a delay in finalizing the discussion paper. Both he and the Secretary for Financial Services and the Treasury (SFST) assured members that unless for exceptional reasons, the Administration would adhere to the relevant procedural rules in providing discussion papers to FC.

9. Most members expressed support for the Chairman's decision to include the present item on the agenda on account of its urgency. Mr Howard YOUNG, Mr Tommy CHEUNG, Mr TAM Yiu-chung, Mr LEUNG Fu-wah, Mr Henry WU, Mr HUI Cheung-ching on behalf of Members of the Hong Kong Progressive Alliance (HKPA), Dr YEUNG Sum on behalf of Members of the Democratic Party (DP) and Mr James TIEN on behalf of Members of the Liberal Party supported the present proposal which sought to relax the eligibility criteria to assist SARS-affected industries.

10. Dr YEUNG Sum stated that while Members of DP considered the belated provision of discussion paper unsatisfactory, they were prepared to support the present proposal on account of the proposed improvements which would enable more establishments to benefit from the Scheme.

11. Mr TAM Yiu-chung remarked that the previous terms and conditions of the Scheme were too stringent and urged the Administration to monitor the effectiveness of the Scheme in the light of operational experience and propose further improvements if necessary. In reply to Mr CHAN Kam-lam's enquiry, SEDL confirmed that establishments which had submitted applications under the previous terms of the Scheme could submit further applications in accordance with the arrangements under the current proposal.

#### Scope of the Scheme

12. Mr LEUNG Fu-wah referred to a recent meeting between staff unions of airport-related services and SEDL. He regretted that the scope of the Scheme had not been expanded to cover more sectors, notably those hard hit by the sharp drop in airport activities.

13. In this regard, SEDL confirmed that in reviewing the scope of the Scheme, the Administration had considered the difficulties faced by other sectors. He said that the financial assistance under the Scheme might not be of great help to establishments such as airlines which incurred huge operating expenditure. The Administration considered that other forms of assistance might be more appropriate for these sectors. Mr LEUNG Fu-wah did not subscribe fully to SEDL's explanation and urged that the Scheme be extended to those small companies to which the Airport Authority had outsourced some of its services. He requested to put on record his views although he would not

object to the present proposal.

14. Ms LI Fung-ying shared Mr LEUNG Fu-wah's concern about the difficulties faced by airport-related services which were not within the travel sector under the Scheme. She urged the Administration to closely monitor the operation of the Scheme vis-à-vis the difficulties faced by other industries. SEDL took note of Ms LI's concern.

15. Mr Henry WU also highlighted the hardship faced by other sectors such as the financial services sector and urged the Administration to closely monitor the situation and consider extending the Scheme to other industries in need of assistance. He enquired about the projected take-up rate and whether there was scope to extend the Scheme to other sectors.

16. In response, SEDL acknowledged members' concern and re-affirmed that the Administration would keep the situation under close review. As regards the projected take-up rate after relaxation of eligibility criteria, he said that it was difficult to make the forecast as this would also be highly dependent on the rate of recovery of the economy. SEDL remarked that if business improved as a result of an upturn in the economy, establishments might be less inclined to apply for loans under the Scheme.

17. Mr LEUNG Yiu-chung queried the basis for restricting the scope of the Scheme to the four sectors of tourism, restaurant, retail and entertainment industries. He urged the Administration to actively consider expanding the scope of the Scheme to cover other needy sectors as well. SEDL took note of his concern but highlighted the need to target the Scheme at industries which were most hard hit by the outbreak of SARS. He reiterated that assistance to other industries could be provided through other measures.

#### Banks' participation in the Scheme

18. Mr Howard YOUNG reckoned that improvements to the Scheme had to be introduced gradually to tie in with new developments. Following the relaxation on the requirements on the use of the loans and the guarantee from shareholders, Mr YOUNG asked whether the participating banks would be prepared to exercise greater flexibility in assessing and vetting the eligibility of the applications.

19. In reply, SEDL agreed to reflect Mr YOUNG's concern to the banking sector but stressed the need for prudence since the Government was providing a 100% guarantee for loans under the Scheme. In this regard, Mr Eric LI pointed out that in general, when vetting applications, banks would take into consideration all relevant factors apart from the 100% guarantee provided by the Government.

20. Mr Tommy CHEUNG highlighted a number of difficulties encountered by catering establishments when applying for loans from the banks. Mr CHEUNG pointed out that most banks adhered strictly to the agreement signed with the Government and were not willing to exercise flexibility, such as slightly relaxing the eligibility criteria of at least 30% business loss in April this year as compared with the monthly average of the previous three months. Moreover, some restaurants incurred higher losses in the month of May and it would be helpful if the reference period could be revised to cover the three months preceding May 2003. Mr CHEUNG further said that some banks had rejected the loan application if the establishment had just one or two bounced cheques in the past six to 12 months.

21. In response, SEDL advised that although the Government was providing 100% guarantee for the loans under the Scheme, it was also important for individual banks to exercise their prudent professional judgement in assessing and vetting the eligibility of the applications. He nevertheless pointed out that according to available information so far, businesses were hardest hit in the month of April this year as a result of SARS.

22. Referring to the proposal to reduce the present requirement of joint and several guarantee for the loan from shareholders holding 90% or more to 70% of the equity interest in the establishment, Mr HUI Cheung-ching remarked that this arrangement might not be fair to small shareholders if they had to provide guarantee in excess of their shareholding in the establishment.

23. In response, SEDL pointed out that the relaxation on the guarantee from shareholders had been proposed in response to feedbacks from some establishments, especially restaurants which had difficulties in securing personal guarantee of their shareholders up to 90% of the equity interest as required. SEDL confirmed that notwithstanding the reduced percentage of the equity interest required, the obligation placed on shareholders in providing personal guarantee was the same as that approved by members under FCR(2003-04)6 on 25 April 2003.

#### Use of the loan

24. On Mr Tommy CHEUNG's enquiry on whether the loan under the Scheme could be used for meeting cashflow requirements and operating expenses other than wages and rental, SEDL replied in the affirmative. In this connection, Mrs Selina CHOW said that the proposed relaxation was welcomed by the retail sector as it would help them tide over their cashflow problems.

25. Mr James TIEN appreciated the Administration's prompt response in improving the Scheme. As regards the formula (paragraph 6 of the paper) in calculating the maximum amount of the loan, SEDL reiterated that the formula



had been worked out in consultation with the participating banks as a prudent approach in capping the size of the loan. He confirmed that the formula would in no way affect the use of the loan in meeting other operating expenses and cashflow requirements on top of the payment of wages and rent.

26. Mr Howard YOUNG asked whether the salaries payable to shareholders could be included as salaries for the purpose of calculating the cap of the loan. In reply, SEDL advised that if a self employed person made contributions to the Mandatory Provident Fund Scheme and there was supporting documentary evidence, he could apply for a loan under the current proposal. However, his salaries could not be included for calculating the cap of the loan.

27. Mr Eric LI recapped his concern expressed on the last occasion when the Scheme was considered by FC. Now that the Scheme was up and running, he considered it necessary to monitor the operation of the Scheme. In view that the impact of SARS had started to stabilize, he was not in favour of further relaxing the eligibility criteria. However, Mr LI was of the view that if the economic outlook became clearer, businesses might be more inclined to raise loans to finance their operations. Moreover, as at 28 May 2003, only some \$131 million had been committed under the Scheme. He therefore considered the proposed relaxation of the eligibility criteria an acceptable way to help boost utilization of the Scheme.

28. The Committee approved the proposal.

#### **Item No. 4 - FCR(2003-04)15**

#### **Head 79 - INVEST HONG KONG**

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

#### **New Item “Campaign to relaunch Hong Kong’s economy”**

29. Members noted that the FA Panel had been briefed on the present proposal on 29 May 2003. The Chairman declared his interest as a member of the Economic Relaunch Strategy Group and invited Mr NG Leung-sing, Deputy Chairman, to take over the chair. He also withdrew from the discussion of this agenda item.

30. Mr Henry WU declared interest as the Chairman of the Board of the Hong Kong Dance Company, which was one of the participating organizations in the proposed campaign to relaunch Hong Kong's economy (the Campaign).

31. Ms Emily LAU reiterated her dissatisfaction about the Administration's late provision of discussion paper and stressed that the Administration should adhere to the existing timeframe in submitting papers so that members would have sufficient time to consider the proposal.

32. In response, the Financial Secretary (FS) highlighted the exceptional circumstances for the present proposal. As soon as the World Health Organization (WHO) lifted on 23 May 2003 the travel advisory on Hong Kong, the Administration had put forward plans to restore Hong Kong's reputation and invigorate the economy. A special briefing was arranged for FA Panel in the morning of 29 May 2003 and the relevant paper for the Panel was issued on 27 May 2003. In this regard, FS added that the discussion paper for FC was by and large the same as that for the Panel with some textual amendments only. FS urged members to appreciate the urgency of the matter and the need for the Administration to take prompt measures.

Admin

33. While agreeing with the need to relaunch Hong Kong's economy and restore Hong Kong's reputation following the SARS outbreak, Dr YEUNG Sum said that Members of DP did not intend to oppose the funding proposal. Nevertheless, they considered that in addition to activities such as producing short films and organizing carnivals to promote Hong Kong, the Administration should take concrete measures to alleviate the unemployment problem. He requested to put on record the strong request of Members of DP that the Administration should seriously consider their earlier proposal to create some 20 000 temporary jobs in cleaning and environmental hygiene at a monthly salary of around \$6,000 for a fixed period of, say, six months to one year. This arrangement was also conducive to keeping Hong Kong a clean and healthy city.

34. Mr Albert HO did not dispute that the Campaign would benefit the economy in the long run, but highlighted the need for implementing some short-term measures to tackle the serious unemployment problem. He said that it would be desirable to take the opportunity to create more temporary jobs, which could also relieve the pressure on the Comprehensive Social Security Allowance Scheme.

35. Noting the members' views, SEDL confirmed that the Administration had always been mindful of the need to tackle the unemployment problem. While the creation of temporary jobs would provide short-term relief, SEDL stressed that the ultimate solution was in revitalizing Hong Kong's economy. On SEDL's undertaking to consider both short-term and long-term measures to alleviate unemployment, Dr YEUNG Sum said that Members of DP would support the funding proposal.

36. In this connection, Dr TANG Siu-tong said that Members of HKPA supported the funding proposal but urged that the Administration should take measures to create temporary jobs to mitigate the unemployment problem. Dr TANG recalled that during their recent meeting with FS, Members of HKPA had reiterated their proposal to create at least 20 000 jobs for six months to two years for cleaning up Hong Kong.

Admin

37. In reply to Mr LEUNG Yiu-chung's enquiry about the estimated number of jobs which would be created directly from the Campaign, SEDL advised that it would be difficult to provide such an estimate. Nevertheless, he urged members to consider the spin-off effect of the Campaign on the economy and employment. For example, if more tourists were attracted to visit Hong Kong and local consumption increased, more employment opportunities in various sectors would inevitably arise. Notwithstanding, Mr LEE Cheuk-yan requested the Administration to try to provide by early July 2003 information on the estimated number of new jobs directly resulting from the Campaign.

38. Ms Emily LAU shared members' concerns about the need to implement effective measures to deal with the unemployment problem in Hong Kong. Referring to the meeting of the Task Force on Employment on 9 June 2003, she hoped that the Administration would propose appropriate measures for consideration at that meeting.

39. Mr CHAN Kam-lam referred to media reports on the possibility of inviting overseas soccer teams to Hong Kong and enquired whether such activities were being lined up and how they would be funded. In reply, the Director-General of Investment Promotion (DG of IP) informed members that the Administration was in the final stage of confirming the international events under the Campaign and some of these events would be held in June 2003 the earliest. As regards the invitation of soccer teams, DG of IP said that despite the Administration's efforts to compete with other cities, the European soccer seasons would start in late August and early September 2003 and hence, it would be difficult to reach a deal with the agents of soccer teams in Europe to play matches in Hong Kong in summer 2003.

40. In reply to Mr CHAN Kam-lam's enquiry about details of the advertisements and media partnership programmes, the Director of Information Services (DIS) advised that the Administration would firstly concentrate on publicity work in Europe, Australia and Asia. The first batch of advertisements would be placed in 26 overseas newspapers in countries including the United Kingdom, Belgium, Italy, France, Germany, Ireland, Netherlands, Switzerland, Japan, Korea, Singapore, Malaysia and Australia. When the Centres for Disease Control and Prevention decided to lift its travel advisory on Hong Kong, publicity programme in the United States would be rolled out. As regards the media partnership programmes, DIS said that the Administration would cooperate with local and overseas media organizations, as well as those in the Mainland, in producing promotion and/or monographic programmes for Hong Kong for broadcasting outside Hong Kong. She added that the production cost of these programmes was comparatively low but they could achieve good promotional effect.

41. Mr CHAN Kam-lam urged the Administration to step up publicity work

in the Mainland with a view to attracting more Mainland tourists. FS responded that in addition to advertisements, DIS would coordinate publicity efforts of different bureaux and departments concerned to promote Hong Kong through different channels. For example, the Administration would take the opportunity during recent visits to the Mainland to update Mainland authorities of the latest situation in Hong Kong. Moreover, it would monitor closely SARS control and travel restrictions imposed in different Mainland provinces. Should there be new development, publicity plans would be worked out accordingly.

42. While supporting fact-based media advertising worldwide to publicize WHO's decision to lift the travel advisory on Hong Kong, Ms Emily LAU expressed reservation on whether it was the right time to launch major publicity programmes overseas as WHO was yet to lift the travel advisory on Taiwan and some Mainland provinces. She also referred to the action checklist for the Reassurance Phase of the Campaign and questioned the appropriateness for arranging media interviews with specific themes.

43. In reply, FS advised that the Campaign would be divided into the Reassurance Phase and Recovery Phase. The Campaign had entered into the Reassurance Phase upon the lifting of WHO's travel advisory; and its main objective was to restore local and overseas confidence in Hong Kong. Bureaux and departments would join effort to disseminate the key message that Hong Kong had contained the spread of SARS and was now a safe city. The Campaign would proceed to the Recovery Phase when WHO removed Hong Kong from the list of countries with local transmission of SARS. The Administration would intensify publicity efforts under this Phase with a view to assuring the international community that Hong Kong was a safe place for visits and investment. DIS added that the overall publicity plan would also be carried out in conjunction with the Economic Relaunch Strategy Group, members of the Hong Kong Family and the Hong Kong Economic and Trade Offices.

44. While supporting the present proposal, Mr LAU Ping-cheung questioned whether SARS had been put under control in Hong Kong with minimal possibility of recurrence. FS appreciated Mr LAU's concern and assured members that the Administration would monitor the situation closely. FS also shared Mr LAU's view about the close relationship between Hong Kong and the Mainland, and pointed out that the publicity programme would highlight the promotion of Hong Kong and the Mainland as a whole.

45. Mr Howard YOUNG supported the present proposal. Pointing out that the travel and tourism trades had to make great effort to rebuild tourists' confidence and attract them to visit Hong Kong during the coming summer holidays, Mr YOUNG enquired about the Government's support to the industry in the worldwide marketing campaign. In response, the Commissioner for

Tourism (C for Tourism) advised that all travel and tour agents who joined the overseas trade promotion activities would only be required to pay for their passage and hotel accommodation. The Hong Kong Tourism Board (HKTB) would meet the other costs such as the rental for venues and booths. As regards the advertisement costs, C for Tourism said that HKTB would follow the existing arrangements of sharing the costs with the travel and tour agents concerned.

46. Miss CHOY So-yuk declared interest that she might participate in the organization work of some local activities under the Campaign. In the light of the bad debts of the International Event Fund (IEF), Miss CHOY considered that the funding arrangement of IEF should not be adopted for the tourism events under the Campaign. She was also concerned about measures to safeguard against abuse of funding. In response, C for Tourism clarified that the IEF mode of operation would not be adopted for the Campaign. Instead, the Administration would provide sponsorship for the private sector to organize events with a high international profile and which had potentials of attracting tourists to Hong Kong.

47. In reply to Mr IP Kwok-him's enquiry about details of the \$417 million earmarked for initiatives to boost tourism and local consumption, C for Tourism and the Executive Director, HKTB (ED, HKTB) advised that the fund would mainly be spent on promotional activities to boost tourism in 16 key source markets of Hong Kong. ED, HKTB added that in some key source markets such as the United States and the United Kingdom, the allocated budget to marketing communications would only be adequate for television advertisements in major cities. HKTB would also work closely with the tourism trade to have them offer some discounts and incentive travel packages to attract tourists to visit Hong Kong. HKTB would adjust these initiatives in the light of the responses from the source markets.

48. Regarding the initiatives to boost local consumption, FS said that some of the activities would be self-financed programmes initiated by the local community. The Secretary for Home Affairs supplemented that the Home Affairs Department would be organizing a wide range of activities to stimulate domestic consumption. Some examples were High Tea for Hong Kong, Computer Festival in Shamshuipo etc. C for Tourism also pointed out that the Administration would organize different activities such as the "We Love Hong Kong" campaign to stimulate local consumption and foster community involvement.

49. As the Administration's paper had only given an overview of the activities under the Campaign, Dr YEUNG Sum considered that the Administration should brief relevant Panels on further details of these activities. Ms Emily LAU, Mr YEUNG Yiu-chung and Mr IP Kwok-him also opined that more details should be provided in due course. Dr YEUNG Sum

Action

Clerk also requested the Clerk to inform the Panels concerned with a view to inviting the Administration to report further details as early as practicable. SEDL noted members' request.

50. While supporting the present proposal, Dr David CHU opined that it might not be necessary to stress in the publicity campaign that Hong Kong was a safe city because the advice of WHO would be self-evident. Dr CHU considered it more important to reassure overseas communities that "it was business as usual in Hong Kong". Mr LEE Cheuk-yan shared Dr David CHU's views. To promote Hong Kong and project its international image as a city advocating human rights and freedom, Mr LEE urged that the Administration should consider other measures such as withdrawal of the National Security (Legislative Provisions) Bill. FS took note of members' views on promoting Hong Kong and pointed out that it was also important to impress upon overseas communities that Hong Kong was a world city which was healthier and cleaner than before.

51. Mr LEUNG Yiu-chung queried the cost-effectiveness of sponsoring visits by VVIPs in an attempt to relaunch the economy. In response, ED, HKTB advised that HKTB had been working closely with the travel and tourism trade to invite VVIPs, including leading decision makers in the travel industry and tourism related media, to visit Hong Kong. HKTB would arrange and sponsor activities to introduce popular and new tourist attractions to these VVIPs during their stay in Hong Kong. Many airlines and hotels were also willing to sponsor the passage and hotel accommodation. ED, HKTB stressed that after their visits, these VVIPs would bring the most updated information on Hong Kong to their home countries and share their experience with their trades, thus achieving a multiplier effect in promoting Hong Kong in overseas markets.

52. Mr LAU Ping-chueng shared some members' views that certain measures at comparatively low cost could serve the purpose of promoting Hong Kong. For example, he suggested that Hong Kong could share its valuable experience in combating SARS with overseas countries. FS concurred and advised that the Administration would arrange international public health conferences on SARS in the third or fourth quarter of 2003 and these conferences would certainly help to boost the image of Hong Kong in dealing with the disease.

53. Mrs Selina CHOW declared interest as the Chairman of HKTB. She agreed that relatively low-cost measures to promote Hong Kong should be explored but highlighted the multiplier effect of sponsored visits by VVIPs in promoting Hong Kong. Mrs CHOW further said that the main purpose of the Campaign was to elicit business opportunities in different trades with a view to revitalizing Hong Kong's economy. A vibrant economy was the ultimate solution to many problems confronting Hong Kong including unemployment.

Admin

54. Ms Emily LAU considered that objective indicators should be formulated to assess the cost-effectiveness of the Campaign. In response, FS advised that in view of the diversified nature of activities under the Campaign, different criteria would be adopted to measure the cost-effectiveness of these activities. For example, HKTb would conduct a three-phase study to track travellers' perception of Hong Kong in order to assess the effectiveness of its marketing campaign. ED, HKTb informed members that a marketing survey was conducted on 26 May 2003 to track the perception of travellers in key source markets. The information from the survey would be used to refine and enhance the overall strategy of the marketing campaign. FS noted Ms LAU's concern but said that it might be difficult to assess the cost-effectiveness of the Campaign in the short run in terms of key economic figures.

55. At Ms Emily LAU's request, FS referred to the First Quarter Economic Report 2003 which was just released in the afternoon of 30 May 2003 and highlighted that for the first quarter of 2003, the Gross Domestic Product (GDP) still attained a 4.5% growth in real terms over the preceding year, albeit lower than the 5.1% growth in the fourth quarter of 2002. Taking into account the negative impact of SARS, the forecast growth rate in real terms of GDP in 2003 was trimmed down from the original forecast of 3% to 1.5%. The forecast rate of change in real terms in private consumption expenditure in 2003 was also scaled down to -3% from nil change. The forecast rate of change in real terms in imports of service in 2003 was reduced to -13.5% from 1.5%, and the forecast for exports of services dropped to -2% from 8%. Nevertheless, the forecast growth rate in real terms of the government consumption expenditure in 2003 was raised from 2.5% to 4% due to the expected increase in government spending arising from the SARS-related relief measures announced in April 2003. FS also pointed out that the forecast rate of change in the Composite Consumer Price Index was subsequently revised downwards by one percentage point from -1.5% to -2.5%.

56. Mr Albert CHAN did not support the funding proposal as he considered that the Campaign would be of little use in alleviating the unemployment problem in Hong Kong. Referring to the case of Toronto, he also expressed grave reservation on the timing of the Campaign because a second SARS outbreak in Hong Kong could not be ruled out. Mr CHAN considered it more worthwhile to spend the public money on other capital projects for the betterment of the community.

57. The Deputy Chairman put FC(2003-04)15 to the vote. 34 members voted for the proposal, two members voted against and one member abstained. The individual votes were as follows:

*For:*

Mr Kenneth TING Woo-shou  
Ms Cyd HO Sau-lan  
Ir Dr Raymond HO Chung-tai  
Mr Fred LI Wah-ming  
Mrs Selina CHOW LIANG Shuk-yee  
Mr HUI Cheung-ching  
Mr Andrew WONG Wang-fat  
Mr Howard YOUNG  
Mr YEUNG Yiu-chung  
Mr Ambrose LAU Hon-chuen  
Miss CHOY So-yuk  
Mr SZETO Wah  
Mr TAM Yiu-chung  
Ms LI Fung-ying  
Mr Tommy CHEUNG Yu-yan  
Mr Frederick FUNG Kin-kee  
Mr LAU Ping-cheung  
(34 members)

Dr David CHU Yu-lin  
Mr Albert HO Chun-yan  
Mr LEE Cheuk-yan  
Dr LUI Ming-wah  
Mr CHEUNG Man-kwong  
Mrs Sophie LEUNG LAU Yau-fun  
Mr WONG Yung-kan  
Dr YEUNG Sum  
Mr LAU Kong-wah  
Ms Emily LAU Wai-hing  
Mr Andrew CHENG Kar-foo  
Dr LAW Chi-kwong  
Dr TANG Siu-tong  
Mr Henry WU King-cheong  
Mr LEUNG Fu-wah  
Mr IP Kwok-him  
Mr MA Fung-kwok

*Against:*

Mr LEUNG Yiu-chung  
(2 members)

Mr Albert CHAN Wai-yip

*Abstention :*

Mr Michael MAK Kwok-fung  
(1 member)

58. The Committee approved the proposal.

**Item No. 5 - FCR(2003-04)14**

**HEAD 79 - INVEST HONG KONG**

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

**New Item “Boosting Investment Promotion Work”**

59. Members noted that the Panel on Commerce and Industry had been consulted on the present proposal at the meeting on 14 April 2003.

60. Ms Emily LAU was concerned about the cost-effectiveness of the investment promotion activities and enquired whether Invest Hong Kong (InvestHK) had formulated objective indicators for assessing cost-effectiveness of these activities.

61. In reply, the Director-General of Investment Promotion (DG of IP)



advised that InvestHK had developed some result-oriented indicators to monitor the performance of the consultant companies engaged for investment promotion work. There were also work targets such as the number of projects to be completed in 2003 for sector teams in InvestHK's head office and the Investment Promotion Units (IPUs) overseas. DG of IP would review the progress in attaining these targets with each sector team and IPU on a quarterly basis. InvestHK would also include some quantitative targets in the contracts with overseas consultant companies engaged for promotional activities.

62. On the results of the projects completed by InvestHK, DG of IP advised that the companies concerned which had made investments in Hong Kong would be requested to provide information on the investment projects to facilitate InvestHK in assessing the cost-effectiveness of its promotion work. This information included the total amount of investment, the number of jobs arising from the investment project in question in the coming two years etc. Nevertheless, DG of IP cautioned that comprehensive information might not be available because some companies were unwilling to disclose information which they considered commercially sensitive. Based on available information, the amount of investment for each project was no less than \$10 million and on average, some 15 to 20 new jobs were generated from each project. Despite the impact of the SARS outbreak on foreign investment, InvestHK aimed to facilitate the completion of over 200 investment promotion projects per year starting from 2004.

63. Ms Emily LAU asked whether the Administration would accept volunteers to serve as Investment Promotion Ambassadors (IPAs). For members' background information, DG of IP advised that the first group of 19 IPAs were identified by the Secretary for Commerce, Industry and Technology based on their business contacts and networking strengths in reaching out to potential investors. These IPAs would act as "door openers" to introduce InvestHK staff to key management personnel in companies which had potentials to set up business in Hong Kong. IPAs would also deliver speeches at various business seminars and conferences organized or co-sponsored by InvestHK.

64. As it was already 4:45 pm, the Chairman decided to adjourn the meeting and directed that the remaining agenda items be carried forward to a special meeting. Noting that one of the remaining agenda items, namely FCR(2003-04)9, had been deferred from the last meeting held on 16 May 2003, the Chairman considered it necessary to convene a special meeting as soon as practicable to deal with the item. He suggested and members had no objection to holding an additional meeting on 3 June 2003 at 10:45 am, subject to the availability of the Administration's representatives.

*(Post-meeting note: Upon the Administration's confirmation, the relevant notice of meeting and agenda were issued vide LC Paper No. FC127/02-03.)*

65. The Committee was adjourned at 4:45 pm.

Council Business Division 1  
Legislative Council Secretariat  
14 August 2003