

立法會
Legislative Council

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Finance Committee of the Legislative Council

Minutes of the 13th meeting
held at the Legislative Council Chamber
on Tuesday, 3 June 2003, at 10:45 am

Members present:

Dr Hon Philip WONG Yu-hong (Chairman)
Hon NG Leung-sing, JP (Deputy Chairman)
Dr Hon David CHU Yu-lin, JP
Hon Cyd HO Sau-lan
Ir Dr Hon Raymond HO Chung-tai, JP
Dr Hon LUI Ming-wah, JP
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon HUI Cheung-ching, JP
Hon Bernard CHAN, JP
Hon CHAN Kam-lam, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP
Hon SIN Chung-kai
Hon Andrew WONG Wang-fat, JP
Hon Howard YOUNG, JP
Hon LAU Chin-shek, JP
Hon LAU Kong-wah
Hon Ambrose LAU Hon-chuen, GBS, JP
Hon SZETO Wah
Dr Hon LAW Chi-kwong, JP
Hon TAM Yiu-chung, GBS, JP
Hon LI Fung-ying, JP
Hon Henry WU King-cheong, BBS, JP
Hon Tommy CHEUNG Yu-yan, JP
Hon Audrey EU Yuet-mee, SC, JP

Members absent:

Hon Kenneth TING Woo-shou, JP
Hon James TIEN Pei-chun, GBS, JP
Hon Albert HO Chun-yan
Hon LEE Cheuk-yan
Hon Martin LEE Chu-ming, SC, JP
Hon Eric LI Ka-cheung, JP
Dr Hon David LI Kwok-po, GBS, JP
Hon Fred LI Wah-ming, JP
Hon Margaret NG
Hon James TO Kun-sun
Hon CHEUNG Man-kwong
Hon CHAN Kwok-keung
Hon CHAN Yuen-han, JP
Hon LEUNG Yiu-chung
Hon WONG Yung-kan
Hon Jasper TSANG Yok-sing, GBS, JP
Dr Hon YEUNG Sum
Hon YEUNG Yiu-chung, BBS
Hon LAU Wong-fat, GBS, JP
Hon Miriam LAU Kin-yee, JP
Hon Emily LAU Wai-hing, JP
Hon CHOY So-yuk
Hon Andrew CHENG Kar-foo
Hon Timothy FOK Tsun-ting, SBS, JP
Dr Hon TANG Siu-tong, JP
Hon Abraham SHEK Lai-him, 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 MA Fung-kwok, JP

Public officers attending:

Mr Stanley YING, JP

Deputy Secretary for Financial Services
and the Treasury (Treasury) 1

Miss Denise YUE, GBS, JP

Permanent Secretary for Commerce,
Industry and Technology (Commerce
and Industry)

Mr M J T ROWSE, JP	Director-General of Investment Promotion
Ms Ophelia TSANG	Associate Director-General of Investment Promotion
Mr CHEUNG Kin-chung, Matthew, JP	Permanent Secretary for Economic Development and Labour (Labour)
Mr TSANG Kin-woo, JP	Assistant Commissioner for Labour
Mr CHENG Man-yiu	Deputy Secretary for Education and Manpower
Mrs Betty IP	Principal Assistant Secretary for Education and Manpower

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
Mr Matthew LOO	Senior Assistant Secretary (1)3
Ms Caris CHAN	Senior Legislative Assistant 1
Mr Frankie WOO	Legislative Assistant 2

Action

Members noted that this special meeting was held to continue discussion of the four agenda items which had not been dealt with at the last Finance Committee (FC) meeting on 30 May 2003 due to insufficient time.

Item No. 1 - FCR(2003-04)14

HEAD 79 - INVEST HONG KONG

◆ Subhead 700 General other non-recurrent

New Item “Boosting Investment Promotion Work”

2. Members noted that discussion of this item had already started at the last meeting on 30 May 2003.

3. Noting that the Invest Hong Kong (InvestHK) had already been allocated resources for investment promotion work in the Annual Estimates, Dr LUI Ming-wah questioned the need for seeking additional commitment and sought details of new activities. In response, the Director-General of Investment Promotion (DG of IP) advised that additional commitment was required to strengthen investment promotion work in the face of increasing competition from other business locations for foreign direct investment (FDI).

The additional activities included the broadening of InvestHK's external representation by covering markets with considerable potential such as Korea, India and Singapore, where InvestHK had not stationed any staff to carry out the investment promotion work. InvestHK would also strengthen the presence of Hong Kong in existing markets where there were opportunities for attracting further FDI, including the United States (US) and Europe. Furthermore, more expertise on marketing and corporate communication was required for presenting Hong Kong's strategic importance as the major gateway to the Mainland. As such, DG of IP said that the existing funding level for InvestHK was inadequate to cope with the new initiatives for strengthening investment promotion. Additional funding support was therefore required.

4. Dr LUI Ming-wah enquired whether InvestHK had objective indicators to assess the effectiveness of its investment promotion work to Hong Kong's economy. In reply, DG of IP advised that since January 2002, InvestHK had requested those companies which had completed investment projects in Hong Kong to sign a return to acknowledge the areas in which InvestHK had rendered assistance. To facilitate InvestHK in assessing the effectiveness of its work and the benefit to the economy, the companies concerned were also requested to provide information on the total amount of investment and the number of jobs created etc. While most companies would respond to InvestHK's request, comprehensive information might not be available because some companies were unwilling to disclose information which they considered commercially sensitive. DG of IP added that with the new commitment, InvestHK aimed to facilitate the completion of over 200 investment projects per annum starting from 2004, which was a two-fold increase over the current level.

5. Mr CHAN Kam-lam considered that Investment Promotion Ambassadors (IPAs) should be formally appointed so as to give due recognition for their contribution in promoting Hong Kong. In this connection, DG of IP confirmed that formal letters were issued by the Secretary for Commerce, Industry and Technology to the first batch of 19 IPAs. Following the World Health Organization's lifting of the travel advisory on Hong Kong, it was expected that the IPAs would resume their travel plans and some would be able to act as speakers at seminars to be organized or co-sponsored by InvestHK in the key overseas markets. One of the key tasks of IPAs was to act as "door openers" to introduce InvestHK staff to key management personnel in companies which had potentials to set up business in Hong Kong. As the IPAs were specialized in different areas, one of the responsibilities of the corporate communications consultant to be engaged was to coordinate the briefing materials for these IPAs with a view to strengthening InvestHK's investment promotion efforts.

6. In response to Mr HUI Cheung-ching's enquiry about how IPAs' performance would be assessed and their service be commended, DG of IP

emphasized that the appointment of IPAs was made on an honorary basis. Moreover, some IPAs might only act as speakers at seminars and it was difficult to quantify their contribution in monetary terms. Hence, he had reservation on Mr HUT's suggestion that those IPAs who had attracted the highest amount of foreign investment to Hong Kong should be openly commended. DG of IP pointed out that the IPA Scheme had just commenced and in view of the long lead time for companies to make investment decisions, the effect of the Scheme might not be highly visible in the initial stage. Nevertheless, DG of IP took note of members' concern about the need to evaluate the cost-effectiveness of the IPA scheme and that the efforts of IPAs should be given due recognition.

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7. Noting that IPAs would volunteer their time and efforts as a community service, Mr Henry WU enquired about the purpose of the provision of \$9.4 million for the "Support IPA Scheme". In response, DG of IP advised that the provision was to cover possible marginal additional out-of-pocket expenses such as transportation and hotel accommodation for IPAs, notwithstanding that most of them might not seek reimbursement of these expenses from InvestHK.

8. As regards the investment promotional activities in US, Mr Henry WU noted that InvestHK would focus on the region centered around Chicago. He asked whether promotional activities would also be launched in major cities such as New York and San Francisco. In reply, DD of IP said that at present, InvestHK had already set up units under the Hong Kong Economic and Trade Offices in New York and San Francisco for coordinating investment promotional activities in these cities. The region centered around Chicago was the major gap in the US market which presented considerable investment opportunities for Hong Kong. Hence, it was necessary to strengthen promotional efforts in this area where InvestHK currently had no presence.

9. In this regard, Mr Henry WU also considered that for better utilization of resources, it would be more cost-effective to engage one consultant company to oversee the marketing activities in different cities and/or countries. DG of IP shared Mr WU's view and informed members that he was working out the details with the representatives in the San Francisco office of InvestHK on the feasibility of engaging one consultant company to coordinate investment promotional activities in US.

10. Mrs Selina CHOW supported the present proposal and agreed that more expertise was required to boost Hong Kong's investment promotion capability in the face of increasing competition. In response to her enquiry about the 13 additional non-civil service staff to be employed to strengthen the sector teams in InvestHK's head office, DG of IP explained that currently, there were 13 sector teams, each comprising three staff, in InvestHK's head office. One additional staff would be provided to each sector team with a view to

achieving the target of completing over 200 investment projects per annum.

11. In response to Mrs Selina CHOW's concern about the working relationship between InvestHK and members of the Hong Kong Family, DG of IP said that InvestHK had been working closely with Hong Kong Family members such as the Hong Kong Trade Development Council (TDC) in promoting Hong Kong overseas. The investment promotion undertaken by InvestHK and the general marketing efforts made by TDC were complementary. In a recent promotional activity organized by TDC in Korea, DG of IP had joined the delegation and delivered speeches at the event. In addition to the working level, the directorate staff of InvestHK and TDC also met at quarterly intervals.

12. On the types of promotional activities to be undertaken by the nine consultant companies in overseas locations, Mrs Selina CHOW considered that these activities should target at attracting FDI to Hong Kong. DG of IP noted Mrs CHOW's view and advised that in addition to general marketing promotional activities, InvestHK would make use of the professional knowledge and contacts of these consultants to identify potential and interested companies to invest in Hong Kong.

13. Acknowledging the importance of cooperation with other cities in the Pearl River Delta (PRD), Dr Raymond HO enquired about the effectiveness of the promotional activities jointly organized with these cities, and how the Administration would evaluate the success or otherwise of the recent promotion jointly organized by InvestHK and the Guangzhou authorities in Tokyo.

14. In response, DG of IP stressed the importance of collaboration between Hong Kong and cities in PRD and Southern China in trade and investment promotion. InvestHK would launch a joint promotion activity with Guangzhou authorities in Europe in September 2003. Another joint promotion event with Shenzhen was under preparation. InvestHK had also begun preliminary discussion with other provincial authorities in Southern China on similar joint promotional events. As regards the outcome of the recent joint promotional event with Guangzhou authorities in Tokyo, DG of IP reported that two investment projects had been completed in Hong Kong within six months after the event. InvestHK would continue to monitor future progress.

15. On details of the provision of \$21,200,000 for increasing joint promotions with PRD municipalities and strengthening the responsible team in InvestHK's head office, DG of IP advised that the bulk of the provision would be used for holding more joint overseas marketing activities in conjunction with PRD cities in the next five years. It would cover Hong Kong's share of expenses for venues, setting up sites and invitation of special speakers etc.

The provision would also cover the employment of two junior staff for the InvestHK team responsible for the Mainland.

16. Mr Howard YOUNG was concerned about the efforts to attract foreign investments for local small and medium enterprises (SMEs). Noting Mr YOUNG's concern, DG of IP recalled that some IPAs who had contacts with procurement agencies from many companies in North America might help InvestHK establish business networks to facilitate contact by SMEs in Hong Kong. He noticed that some overseas consultant companies had started to specialize their investment promotions and establish links with smaller companies, especially for fast growing sectors such as information technology. DG of IP added that in July 2002, he had visited Toronto and identified some small information technology companies interested in making investment in Hong Kong with the assistance of the consultant. DG of IP assured members that InvestHK was aware of the needs of local SMEs and would continue to direct its effort in this direction.

17. In response to Ms Cyd HO's concern about the transfer of business network from consultants to InvestHK, DG of IP advised that overseas staff of InvestHK Investment Promotion Units would work closely with the consultants to identify companies which had potentials to set up business in Hong Kong. This arrangement would enhance the business contacts and networking strength of InvestHK staff. Some sector specialists would be deployed to work with overseas consultant companies where business on specific subjects such as information technology and financial services were involved.

18. As regards safeguards against conflict of interests, DG of IP confirmed that while being engaged by InvestHK and within a specified period after completion of contract, the consultant companies concerned would be required to seek the prior permission of InvestHK before undertaking similar consultancy services. Clauses to this effect were stipulated in the relevant consultancy contracts.

19. The Committee approved the proposal.

Item No. 2 - FCR(2003-04)9

HEAD 90 – LABOUR DEPARTMENT

◆ Subhead 700 General other non-recurrent

New Item “ Graduate Employment Training Scheme”

20. Members noted that the Panel on Manpower had been consulted on the present proposal on 24 April 2003.

21. The Committee approved the proposal.

Item No. 3 - FCR(2003-04)13

**HEAD 156 – GOVERNMENT SECRETARIAT : EDUCATION AND
MANPOWER BUREAU**

◆ Subhead 000 Operational Expenses

22. Members noted that the present proposal had been discussed at the Panel on Education on 17 March and 28 April 2003.

23. Mr TAM Yiu-chung declared interest that he was the chairman of the school management committee of a school under the Direct Subsidy Scheme.

24. On behalf of Members of the Democratic Party, Mr SZETO Wah stated support for the present proposal. Referring to the aforesaid Panel meeting, he requested to put on record his views on electricity expenses which the Administration had agreed to consider. Mr SZETO explained that while the Operating Expenses Block Grant (OEBG) for aided schools in the 2003-04 school year would be adjusted downwards according to the movement of the Composite Consumer Price Index (CCPI), there was no corresponding decrease in the electricity tariffs charged by the two power companies. Given the reduction in OEBG, aided schools might have to pay their electricity charges by using the funding for other school activities. Mr SZETO urged the Administration to negotiate with the two power companies to adjust electricity tariffs for schools in line with deflation. If such negotiation failed, the Administration should review the adjustment mechanism of OEBG having regard to their expenses on electricity consumption, instead of applying a downward adjustment across the board according to the movement of CCPI. As the unit charge of electricity consumption had remained unchanged despite ongoing deflation, he also suggested that the Administration should consider reimbursing schools the amount of electricity charges which should otherwise be adjusted downwards in accordance with the movement of CCPI.

25. In reply, the Deputy Secretary for Education and Manpower (DS(EM)) said that as agreed at the meeting of the Panel on Education, the Administration would discuss with the two power companies the feasibility of concessionary arrangements for electricity tariffs of schools. Meanwhile, the Administration would step up its effort to remind schools of the need to conserve energy. DS(EM) undertook to report to the Panel on Education the outcome of the Administration's negotiation with the power companies, as well as any other proposals.

Admin

26. On behalf of Members of the Liberal Party, Mr Tommy CHEUNG supported the present proposal. He considered that aided schools should not have great difficulty in effecting the outstanding 1.65% downward adjustment deferred from the 2002-03 school year.

27. Ms Cyd HO noted that according to the Administration's analysis, the overall utilization rate of the OEBG was about 94% in the past two years. While she questioned the reasons for aided schools to accumulate large surpluses, Ms HO was also concerned that the Administration might seek to reduce the level of grant since the allocated funds had not been exhausted. She sought the Administration's view on the appropriate level of surplus which could be accumulated by schools without affecting the level of grant.

28. In response, DS(EM) clarified that the present proposal only sought to effect the downward adjustment to OEBG in accordance with the movement of CCPI. It did not seek to introduce a reduction in the OEBG payable to aided schools. Under existing arrangements, an aided school could retain a surplus up to 12 months' provision of the OEBG. Any surplus in excess of this amount would be recouped by the Administration. On the use of the surplus, DS(EM) advised that individual schools might have different plans. Very often, schools might use the surplus to fund large-scale school activities in line with their long-term development.

Admin 29. In this connection, Mr SZETO Wah pointed out that it was reasonable for schools to retain a certain amount of surplus for their uses. Referring to the use of the accumulated funds by some schools to maintain the salaries of their staff, Mr SZETO opined that it would be useful for the Administration to review the existing arrangements so that schools would work out plans on how to put the surplus to the best use. The Administration noted his view.

30. The Committee approved the proposal.

Item No. 4 - FCR(2003-04)17

Amendments to Finance Committee Procedure, Establishment Subcommittee Procedure and Public Works Subcommittee Procedure

31. The Chairman informed the meeting that the present proposal sought members' approval for introducing amendments to the FC Procedure, the Establishment Subcommittee Procedure and the Public Works Subcommittee Procedure, mainly for the purpose of updating the titles of certain public officers following the implementation of the accountability system for principal officials.

32. The Committee approved the proposal.

33. The Committee was adjourned at 11:40am.