

**立法會**  
*Legislative Council*

LC Paper No. FC159/02-03  
(These minutes have been  
seen by the Administration)

Ref : CB1/F/1/2

**Finance Committee of the Legislative Council**

**Minutes of the 14th meeting  
held at the Legislative Council Chamber  
on Friday, 13 June 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  
Ir Dr Hon Raymond HO Chung-tai, JP  
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 Mrs Selina CHOW LIANG Shuk-ye, GBS, JP  
Hon James TO Kun-sun  
Hon CHEUNG Man-kwong  
Hon HUI Cheung-ching, JP  
Hon CHAN Kwok-keung  
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 SIN Chung-kai  
Hon Andrew WONG Wang-fat, JP  
Hon WONG Yung-kan  
Hon Jasper TSANG Yok-sing, GBS, JP

Hon Howard YOUNG, JP  
Hon YEUNG Yiu-chung, BBS  
Hon LAU Chin-shek, JP  
Hon LAU Kong-wah  
Hon LAU Wong-fat, GBS, JP  
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  
Hon Timothy FOK Tsun-ting, SBS, JP  
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 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 Albert HO Chun-yan  
Dr Hon LUI Ming-wah, JP  
Dr Hon YEUNG Sum  
Hon Miriam LAU Kin-yee, JP  
Hon Abraham SHEK Lai-him, JP  
Hon Albert CHAN Wai-yip

**Public officers attending:**

|                     |   |
|---------------------|---|
| Mr Alan LAI Nin, JP | Permanent Secretary for Financial<br>Services and the Treasury (Treasury) |
| Mr Stanley YING, JP | Deputy Secretary for Financial Services<br>and the Treasury (Treasury) 1  |
| Mr K K LAM          | Principal Executive Officer (General),<br>Finance Bureau                  |

|                        |   |
|------------------------|---|
| Mr Andrew WONG, JP     | Director of Administration  |
| Ms CHANG King-yiu, JP  | Deputy Director of Administration (1)   |
| Miss Eliza LEE         | Deputy Director of Administration (2)   |
| Mr John READING, SC    | Deputy Director of Public Prosecutions  |
| Mrs Fanny YU           | Deputy Director of Legal Aid  |
| Ms Alice CHUNG         | Assistant Director of Legal Aid   |
| Ms Irene YOUNG         | Principal Assistant Secretary for<br>Education and Manpower                                       |
| Mr Jeff LEUNG          | Secretary-General, University Grants<br>Committee   |
| Miss Mary CHOW, JP     | Deputy Secretary for Commerce,<br>Industry and Technology (Commerce<br>and Industry)              |
| Mr Gordon LEUNG        | Principal Assistant Secretary for<br>Commerce, Industry and Technology<br>(Commerce and Industry) |
| Mr Lawrence WONG       | Assistant Commissioner of Customs and<br>Excise   |
| Miss Josephine LAU, JP | Assistant Commissioner for Census and<br>Statistics   |
| Mr Alex MA             | Assistant Director of Information<br>Technology Services  |
| Mrs Sarah KWOK         | Commissioner for Innovation and<br>Technology   |
| Mr Tony LAM            | Assistant Commissioner for Innovation<br>and Technology   |

**Clerk in attendance:**

|               |                               |
|---------------|-------------------------------|
| Ms Pauline NG | Assistant Secretary General 1 |
|---------------|-------------------------------|

**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         |

---

**Item No. 1 - FCR(2003-04)19**

**RECOMMENDATIONS OF THE PUBLIC WORKS SUBCOMMITTEE  
MADE ON 21 MAY 2003**

Mr LAU Ping-cheung declared interest as his firm might participate in the tendering of the consultancy for the works projects under the present proposal.

2. The Committee approved the proposal.

**Item No. 2 - FCR(2003-04)20**

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

**♦ Subhead 700 General other non-recurrent  
New Item “Sustainable Development Fund”**

3. Members noted that the Administration had consulted the Panel on Environmental Affairs (EA Panel) and Panel on Planning, Lands and Works (PLW Panel) on the proposal at the joint meeting on 14 May 2003.

Objectives of the Sustainable Development Fund (SDF)

4. Ms Emily LAU considered that the scope of sustainable development was vaguely defined and as such, the vetting of applications for the SDF would be very difficult. Mr LEE Cheuk-yan shared her view. In response, the Director of Administration (D of Admin) advised that SDF would provide a central source of financial support for initiatives aimed at developing public awareness of the concept of sustainability and providing grants for projects that would promote sustainable practices in Hong Kong. The Deputy Director of Administration (1) supplemented that many organizations had urged the early establishment of SDF, and some of them had informed the Administration about their initial project proposals. Examples included research on sustainable development by tertiary institutions and activities organized by schools and district organizations to promote sustainable development at the district level. Small and medium enterprises might also apply for grants from the Fund to seek professional help in adopting a sustainable approach for the long-term development of their business. She stressed that each application would be considered on its own merits in accordance with the relevant funding guidelines.

5. On one of the requirements that the funds approved could not be used to create any permanent staff posts or recurrent financial commitment, Ms Emily

LAU asked whether this would deprive eligible projects of the necessary manpower support to take them forward. In response, D of Admin pointed out that SDF was set up to provide funding support for individual projects. Hence, it would not be consistent with the objective of the SDF if the funds approved were used to cover recurrent expenses of the organizations concerned and long-term financial commitments such as the creation of permanent staff posts.

Assessment criteria and vetting process

6. On the vetting of applications, Mr LEE Cheuk-yan was concerned whether the decision to approve the grants or otherwise would be based on the Government's policy stance. As an example, he doubted whether funding for projects relating to the promotion of collective bargaining would be approved, given the Administration's stance against the matter. Ms Emily LAU also questioned whether projects relating to human rights and the rule of law would meet the funding criteria.

7. In response, D of Admin assured members that the Council for Sustainable Development (CSD) and its Education and Publicity Subcommittee (EPSC) would consider each application in accordance with the funding guidelines. He stressed that there was no pre-determined arrangement which would exclude certain projects from the SDF and that each application would be considered on its merits.

8. Referring to the nature of projects to be supported, Ms Cyd HO asked whether applications from individuals for financing their pursuit of further studies/programmes on sustainable development would be eligible for funding under SDF. In reply, D of Admin reiterated that the funding guidelines did not specify or preclude any particular types of activity or project. In vetting individual applications, consideration would be given to the nature, objectives and effectiveness of the activities in question. As such, Ms Cyd HO considered that to enhance training opportunities of the required personnel, the public should be clearly informed that the Fund could be used for financing the costs of undertaking study programmes/courses on sustainable development. D of Admin noted her view for consideration.

Admin

9. While supporting the proposal, Mr NG Leung-sing was concerned that the proposed SDF funding guidelines might not provide very practical assistance to applicants and hence, examples of projects which met these guidelines would serve as useful reference for prospective applicants. D of Admin noted Mr NG's view and said that more relevant cases would be built up after the SDF had come into operation.

10. Miss CHOY So-yuk declared that she was a member of CSD and EPSC. She also expressed support for the present proposal. Recapitulating the

discussion at the joint meeting of EA Panel and PLW Panel, Miss CHOY reiterated that it was important to avoid any overlapping and duplication between SDF and other funding schemes. She considered that projects selected for funding under SDF should be those which were capable of putting the concept of sustainable development into practice. As such, she was of the view that activities such as carnivals should not be eligible for support under SDF. D of Admin noted Miss CHOY's views.

#### Administration of SDF

11. Mr LEE Cheuk-yan enquired about the approving authority for applications from SDF. In reply, D of Admin confirmed that the authority for awarding grants under SDF would rest with D of Admin in his capacity as the Controlling Officer. D of Admin would decide on the disbursement of funds on the advice of CSD and EPSC. The Sustainable Development Unit (SDU) under the Administration Wing of the Office of the Chief Secretary for Administration would provide secretariat support to CSD for the day-to-day administration of SDF.

12. Responding to Ms Emily LAU's enquiry on whether political parties would be eligible to apply for funding under SDF, D of Admin advised that CSD would accept applications for grants from individuals, community-based groups, non-profit or charitable organizations, non-profit-making educational institutions, professional bodies and other non-government sector groups. Government agencies would only be eligible for funding support in respect of projects led by partnering non-government organizations. D of Admin said that there was no provision which excluded political parties from applying for the Fund as long as they met the relevant eligibility criteria.

13. On whether there was an upper limit on the funding approved for each application, D of Admin advised that there was no ceiling on the approved funding for each project. Under the current plan, EPSC would invite applications for SDF twice a year and each applicant would be required to provide a detailed budget for the proposed project. The Administration intended to disburse the \$100 million in SDF more or less evenly over a period of 10 years, i.e. about \$10 million a year, and would review the operation of SDF annually. As regards the minimum of \$50,000 for projects under SDF, D of Admin noted Mr Henry WU's view that the appropriateness of such limit might need to be reviewed in the light of operational experience so as to ensure that worthwhile projects would be supported.

Admin

14. Mr LAU Ping-cheung highlighted the need for some indicators to assess the cost-effectiveness of approved projects under SDF. In response, D of Admin advised that all successful applicants would be required to provide regular progress reports on the implementation of projects, and to complete a post-project evaluation against its stated objectives. However, in view of the

Admin broad scope of sustainable development, it would be difficult to apply a uniform set of indicators across the board. However, SDU would discuss with the applicants how to identify some quantitative indicators to facilitate CSD's and EPSC's assessment of the cost-effectiveness of the projects. D of Admin also took note of Mr LAU's suggestion to make reference to overseas experience in fund management.

Admin 15. In order to ensure the prudent use of funds, Mr LAU Ping-cheung enquired whether the Administration would consider requesting successful applicants to secure funds to match the SDF grants for their projects. In this regard, D of Admin said that it might be difficult for non-profit making organizations and individuals to secure funds on a matching basis. Nevertheless, he would convey Mr LAU's views to CSD.

16. Mr LEUNG Yiu-chung enquired whether any sanction would be considered if a project failed to achieve its stated objectives. In reply, D of Admin said that EPSC would evaluate each case with a view to understanding the reasons for the failure. Depending on the circumstances of each case, it might not be possible to prescribe a standard arrangement for all cases. Nevertheless, D of Admin pointed out that the award of grants might also be subject to certain conditions which the applicant had to meet.

#### Implementation timetable

17. Regarding the implementation and publicity of SDF, D of Admin said that upon approval of the present proposal, the Administration would invite applications for grants from SDF in September 2003. It would also notify those organizations/individuals which had already expressed an interest in organizing sustainable development projects to apply for grants from SDF. D of Admin advised that the Administration would not publicize the scheme by advertisement, but would issue press releases and post the relevant information on the Government's website.

#### Relationship with existing funding schemes

18. In the light of his experience with the Environment and Conservation Fund (ECF), Mr Henry WU was concerned that there might be overlapping between ECF and SDF given that both funds aimed at funding projects beneficial to the environment and the society. It was therefore essential to devise clear guidelines to differentiate the award of grants under the two funding schemes. Mr WU also stressed the need for co-ordination to avoid duplication of efforts by the relevant administering bodies and prospective applicants. D of Admin noted Mr WU's concern and pointed out that SDU would strengthen its liaison with the administrative offices of the other funds.

Admin

19. Mr LEE Cheuk-yan queried the appropriateness of the existing arrangement to create new commitments for the purpose of establishing funding schemes in the face of the Administration's target to reduce its operating expenditure by 10% by 2006-07. He also considered that the use of various Funds should be rationalized by pooling the respective commitments together to achieve better utilization of public money. In this connection, Mr LEE requested the Administration to provide details on ECF, Community Investment and Inclusion Fund, Quality Education Fund, and Innovation and Technology Fund, including the number of applications and the respective amount disbursed under each Fund.

20. In response, D of Admin explained that different funding schemes were established to serve different purposes and it might not be practicable to merge the different schemes. The Deputy Secretary for Financial Services and the Treasury (Treasury)<sup>1</sup> (DS(Tsy)<sup>1</sup>) also briefly recapped the purposes of the aforesaid Funds. In respect of financial information on the Funds, he advised that information on the total commitment for each of the Funds and the forecast cashflow was presented in the Annual Estimates of Expenditure.

Safeguards against conflict of interests

21. Ms Emily LAU raised concern about safeguards against conflict of interests and asked whether it was necessary for individual members of EPSC or CSD to withdraw from the consideration of applications submitted by the organizations to which they belonged. In response, D of Admin confirmed that all CSD members were required to declare and register their interests. They should withdraw from the consideration of applications in which they had a direct interest. In this connection, Miss CHOY So-yuk informed members that CSD members would withdraw from the discussion of applications in which they had a direct interest.

22. Reiterating her concern about the absence of a clear definition of what constituted sustainable development for the purpose of evaluating applications for SDF, Ms Emily LAU requested to put on record her reservation on the present proposal.

23. The Committee approved the proposal.



**Item No. 3 - FCR(2003-04)21**

**HEAD 94 – LEGAL AID DEPARTMENT**

- ◆ **Subhead 208 Legal aid costs**

**HEAD 92 – DEPARTMENT OF JUSTICE**

- ◆ **Subhead 000 Operational expenses**

**HEAD 176 – SUBVENTIONS : MISCELLANEOUS**

- ◆ **Subhead 446 Duty Lawyer Service**

24. Members noted that the present proposal had been discussed at the Panel on Administration of Justice and Legal Services (AJLS) on 26 May 2003. Members also noted that a letter dated 13 June 2003 from the Law Society of Hong Kong (the Law Society) objecting to the proposed reduction in fees was tabled at the meeting.

25. On the Chairman's advice, Miss Margaret NG and Mr Martin LEE declared interest. Ms Audrey EU also declared interest but stated that she was not serving as a duty lawyer under the Duty Lawyer Scheme (DLS) currently.

26. As Chairman of the Panel on AJLS, Miss Margaret NG reported that at the Panel meeting, members had made a number of comments although they had not taken a position on the present proposal. Regarding the movements of the Consumer Price Index (C) (CPI(C)) according to which the level of fees were adjusted, Miss NG recalled that the CPI(C) for the reference period in the 1998 review had increased by 10% while that for the 2000 review had decreased by 8.8%. Although the fee levels were frozen in the last two biennial reviews, there was still a discrepancy of 1.2% which had not been recompensed for. Miss Margaret NG noted from the Law Society's letter that a joint working party set up by the Law Society and the Bar Association was in the course of reviewing the current system of criminal legal remuneration and would submit its views to the Criminal Procedure Rules Committee very shortly. As such, Miss NG asked whether the Administration would consider deferring the current proposal pending the outcome of the aforesaid review.

27. Referring to the letter from the Law Society, Ms Emily LAU also considered that it might be more appropriate to decide on the present proposal after completion of the review by the joint working party. Nevertheless, she agreed with the Chairman's suggestion to hear the views of other members on the proposal. In this respect, Mr LEUNG Fu-wah enquired whether movements of the CPI(C) was the only factor taken into consideration when reviewing the level of fees.

28. D of Admin advised that while changes in consumer prices as measured by CPI(C) was a major consideration, the Administration would also take into account other factors such as the state of the economy and office rental. In fact, during the last two biennial reviews conducted in 1998 and 2000, the

Administration had decided to freeze the fee levels notwithstanding the upward and downward movements of CPI(C) on account of other relevant factors such as the then prevailing economic climate. The movements in the two reviews were by and large offset by one another. On this occasion, the Administration had decided to revise the level of fees downwards in line with the movement of the CPI(C) during the reference period as there were no other overriding factor which warranted a deviation.

29. Mr Jasper TSANG considered that the increase in CPI(C) accumulated in the 1998 review might have more or less been offset by the decrease in CPI(C) during the 2000 review. He saw no compelling reason why the level of fees should not be adjusted in accordance with the downward movement of the CPI(C) during the 2002 review. He supported the present proposal.

30. Regarding the effective date of the proposed fee adjustments, D of Admin advised that subject to FC's approval, the Administration would invite the Criminal Procedure Rules Committee to make amendments to Rule 21 of the Legal Aid in Criminal Cases Rules to give effect to the adjustments to the criminal legal aid fees of the Legal Aid Department (LAD). The Administration would aim to seek the approval of the Legislative Council of the Rules by means of a resolution within the current session. The fee adjustments would only become effective from the same date when the amendments to the Legal Aid in Criminal Cases Rules became effective.

31. Ms Emily LAU reiterated the need to ensure that both the defence and the prosecution were represented by lawyers of broadly similar experience and ability. In this case, Ms LAU asked whether adopting the same scale of fees for LAD criminal legal aid fees and for prosecution fees of the Department of Justice (D of J) would serve the purpose of achieving fairness. She remarked that the Government had the necessary resources to engage senior counsel and legal experts to appear on its behalf while the other litigating party might not be able to do so due to the low scale fees payable.

32. In response, the Deputy Director of Public Prosecutions (DD of PP) clarified that the Government would only brief senior counsel or legal experts for non-standard and complicated cases or where the requisite expertise was not available from the local legal profession. From time to time, LAD would also brief senior counsel to appear for its clients. In complex commercial cases, it was common that both sides were represented by highly qualified counsel. He nevertheless stressed that the proposed fees under present proposal would only be applicable to the briefing out of standard cases.

33. In this connection, Miss Margaret NG remarked that duty lawyers under the DLS and lawyers briefed by LAD were normally providing service to workers and general members of the public. Very often, LAD was not willing to brief senior counsel. She also said that generally speaking, if a barrister-at-

law was on the Government's briefing-out list for criminal cases, he/she could not refuse to take up a case assigned to him/her.

34. Mr James TIEN said that Members of the Liberal Party supported the present proposal. He reckoned that the issue raised in the Law Society's letter related to the more fundamental subject of the existing system of remuneration for lawyers offering their professional services to the Government. Notwithstanding his support for the present proposal, Mr TIEN urged the Administration to continue its discussion with the Law Society and the Bar Association on this subject.

35. D of Admin recapped that pursuant to a decision of FC in October 1992, the fees payable to lawyers in private practice engaged to undertake litigation work in respect of criminal cases on behalf LAD; to appear for the Hong Kong Special Administrative Region in criminal cases as instructed by D of J; as well as the fees payable to duty lawyers providing assistance under DLS were subject to review by the Administration on a biennial basis. The present proposal sought members' approval to adjust the fees in question downwards by 4.3% in line with the decrease in CPI(C) during the reference period of the 2002 review, as well as to authorize D of Admin to approve future adjustments to any of the fees in question provided that the extent of adjustment was no greater than the movement of the CPI(C). Regarding the level of fees for certain items, D of Admin said that the Administration would be prepared to discuss the matter with the Law Society and Bar Association when their detailed representation was received.

36. In this connection, Miss Margaret NG said that the adjustment of fees according to the movements of the CPI(C) was relatively non-controversial. The issue at stake was the basis for deriving the level of various fees payable to private practitioners for the various services. As the joint working party was in the process of reviewing the system, Miss NG considered it more appropriate to decide on the present proposal after the aforesaid review had been completed. D of Admin, on the other hand, assured members that the Administration would be prepared to consider the recommendation put up by the joint working party. However, he urged members to approve the current proposal which was concerned with the adjustment mechanism for the various fees.

37. Miss Margaret NG enquired whether the relevant Rules to be made in relation to the scale of fees would reflect the mechanism in adjusting fees, which was part of the matters being reviewed by the joint working party. If yes, Miss NG considered that the present proposal should be deferred in order not to pre-empt the outcome of the review.

38. Mr LAU Ping-cheung said that the views of the Law Society should be respected. He did not consider it appropriate to approve the present proposal

Admin

pending the joint working party's review. Mr LAU also suggested that to better reflect changes in price movements, the Administration should consider conducting the review on fees on an annual, instead of a biennial, basis.

39. As regards consultation with relevant bodies, D of Admin informed members that the Administration had consulted the Law Society, the Bar Association and the Legal Aid Services Council on the present proposal in May 2003. The Legal Aid Services Council was in support of the present proposal. However, he was only aware of the review by the joint working party of the Law Society and the Bar Association from the Law Society's letter tabled at the meeting.

40. As members had generally expressed views on the subject, Ms Emily LAU asked whether the Administration was prepared to withdraw the proposal before she moved to adjourn its discussion. D of Admin confirmed that the Administration would be prepared to further discuss with the Law Society and the Bar Association on the system of remuneration. However, he urged members to vote on and approve the present proposal at this meeting.

41. In view of the Administration's position, Miss Emily LAU moved a motion in accordance with paragraph 39 of the FC Procedure to adjourn discussion of the present proposal.

42. On a point of order, Mr IP Kwok-him enquired about the relevant rules. At the invitation of the Chairman, the Clerk clarified that under the relevant procedural rules in the FC Procedure, only the Administration could withdraw an agenda item before it was put to the vote. However, a member when speaking on a proposal might move without notice that discussion on an item be adjourned. Thereupon the Chairman should put the question on the motion to adjourn.

43. The Chairman advised members that the rules relating to direct pecuniary interest also applied to this motion. The members who had declared interest withdrew from the meeting.

44. The Chairman put Ms Emily LAU's motion to the vote. 16 members voted for the motion, 22 members voted against and one member abstained. The individual results were as follows:

*For :*

Ms Cyd HO Sau-lan

Mr Eric LI Ka-cheung

Mr James TO Kun-sun

Mr LEUNG Yiu-chung

Ms Emily LAU Wai-hing

Dr LAW Chi-kwong

Mr LEE Cheuk-yan

Mr Fred LI Wah-ming

Mr CHEUNG Man-kwong

Mr SIN Chung-kai

Mr SZETO Wah

Mr Michael MAK Kwok-fung

Mr WONG Sing-chi  
Mr LAU Ping-cheung  
(16 members)

Mr Frederick FUNG Kin-kee  
Mr MA Fung-kwok

*Against :*

Mr Kenneth TING Woo-shou  
Mr NG Leung-sing  
Mr HUI Cheung-ching  
Mr CHAN Kam-lam  
Mr WONG Yung-kan  
Mr Howard YOUNG  
Mr LAU Kong-wah  
Miss CHOY So-yuk  
Mr TAM Yiu-chung  
Mr Henry WU King-cheong  
Mr LEUNG Fu-wah  
(22 members)

Mr James TIEN Pei-chun  
Mrs Selina CHOW LIANG Shuk-yee  
Mr CHAN Kwok-keung  
Mrs Sophie LEUNG LAU Yau-fun  
Mr Jasper TSANG Yok-sing  
Mr YEUNG Yiu-chung  
Mr LAU Wong-fat  
Mr Timothy FOK Tsun-ting  
Dr TANG Siu-tong  
Mr Tommy CHEUNG Yu-yan  
Mr IP Kwok-him

*Abstention :*

Ms LI Fung-ying  
(1 member)

45. Ms Emily LAU's motion was negated.

46. There being no further questions from members on FCR(2003-04)21, the Chairman put the proposal to the vote. The Committee approved the proposal.

**Item No. 4 - FCR(2003-04)22**

**HEAD 190 – UNIVERSITY GRANTS COMMITTEE**

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

**New Item “Matching grant scheme for UGC-funded institutions”**

47. Members noted that the Panel on Education had been consulted on the present proposal on 19 May 2003.

48. Mr LAU Ping-cheung declared his interest as a Council member of the City University of Hong Kong. Mr James TIEN declared that he was a Council member of the Chinese University of Hong Kong in his capacity as a Member of the Legislative Council.

49. Referring to the forthcoming cut in university funding and subsidies for associate degree programmes, Mr LAU Ping-cheung queried the usefulness of the present proposal in strengthening the fund-raising capabilities of the

universities as both the matching grants and the corresponding private donation could not be used for self-financing activities (such as running associate degree programmes) or for the construction of campus buildings. Mr James TIEN also sought clarification on the use of the matching grants.

50. In response, the Principal Assistant Secretary for Education and Manpower (PAS(EM)) advised that pursuant to the recommendation of the University Grants Committee (UGC) in the Higher Education Review, the Administration had agreed to introduce a matching grant scheme to strengthen the fund-raising capabilities of institutions. She further said that as revealed in past experience, the response of the private sector to institutions' fund-raising appeals for the construction of campus buildings had been favourable. Hence, the Administration considered that the matching grants and corresponding private donation should be used for financing other activities within the ambit of the UGC recurrent grants.

51. On concerns about funding for associate degree programmes, PAS(EM) said that withdrawal of public funding for sub-degree programmes in general aimed at rationalizing the allocation of public resources in the post-secondary sector for the benefit of students. The Secretary-General, UGC (SG, UGC) supplemented that one of the considerations underlying the recommendation in the Higher Education Review to convert some publicly-funded sub-degree programmes into self-financing ones was to enable various programme providers to compete on a more equal footing. Both PAS(EM) and SG, UGC stressed that issues relating to funding for sub-degree programmes should be considered independent of the present proposal.

52. Noting that one of the purposes of the matching grants was to increase the momentum for developing a stronger philanthropic culture in the community towards investment in education, Ms Emily LAU sought information on the amount of donations received by UGC-funded institutions in recent years. She also asked whether the Administration was aware of any factors which had discouraged private donations to local universities.

53. In response, SG, UGC advised that according to available information, the amount of donations received by individual institutions ranged from about \$10 million to over \$1 billion a year. As regards concerns about the lack of private donations, SG, UGC confirmed that the Administration was taking steps to foster a stronger culture of investment in education in the community, and matching grants was one of the incentives. He believed that interested parties would be more inclined to make donations if they knew that their donations would be matched dollar-for-dollar by the Government, thereby achieving a greater impact. Referring to his own experience in making donations to universities, Mr James TIEN agreed that a dollar-for-dollar matching grant would be effective in encouraging private donations.

Admin

54. Ms Emily LAU enquired whether the Administration's proposal to raise the ceiling for tax-exempted donations from 10% to 25% of assessable income or profits would be effective in encouraging donations to universities. She also sought further information on the amount of tax-exempted donations, including the number of applications for the exemption and, if available, the amount of such donation made to each UGC-funded institutions. DS(Tsy)1 undertook to check with the Inland Revenue Department and provide the information after the meeting.

55. The Committee approved the proposal.

**Item No. 5 - FCR(2003-04)23**

**CAPITAL WORKS RESERVE FUND**

**HEAD 710 – COMPUTERISATION**

**Government Secretariat : Commerce, Industry and Technology Bureau**

**♦ Subhead A008XV Electronic data interchange system**

56. Members noted that the CI Panel had been consulted on the present proposal on 12 May 2003.

57. The Committee approved the proposal.

**Item No. 6 - FCR(2003-04)24**

**INNOVATION AND TECHNOLOGY FUND**

**HEAD 111 – INNOVATION AND TECHNOLOGY**

**♦ New Subhead “Establishment of Integrated-Circuit Development Support Centre by the Hong Kong Science and Technology Parks Corporation”**

58. Members noted that the CI Panel had been consulted on the present proposal on 12 May 2003.

59. The Committee approved the proposal.

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