

立法會
Legislative Council

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Finance Committee of the Legislative Council

**Minutes of the 7th meeting
held at the Legislative Council Chamber
on Friday, 27 February 2004, at 9:00 am**

Members present:

Dr Hon Philip WONG Yu-hong, GBS (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
Dr Hon Eric LI Ka-cheung, GBS, JP
Dr Hon David LI Kwok-po, GBS, JP
Hon Fred LI Wah-ming, JP
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, JP
Hon CHAN Yuen-han, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP
Hon SIN Chung-kai
Hon Andrew WONG Wang-fat, JP
Hon WONG Yung-kan
Hon Jasper TSANG Yok-sing, GBS, JP
Hon Howard YOUNG, SBS, JP
Dr Hon YEUNG Sum
Hon YEUNG Yiu-chung, BBS
Hon LAU Chin-shek, JP

Hon LAU Kong-wah, JP
Hon Miriam LAU Kin-yea, 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 Abraham SHEK Lai-him, 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, JP
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
Dr Hon LUI Ming-wah, JP
Hon Margaret NG
Hon Bernard CHAN, JP
Hon CHAN Kam-lam, JP
Hon LEUNG Yiu-chung
Hon LAU Wong-fat, GBS, JP
Hon Ambrose LAU Hon-chuen, GBS, JP
Hon Timothy FOK Tsun-ting, SBS, JP
Hon Albert CHAN Wai-yip

Public officers attending:

Mr Frederick MA Si-hang, JP	Secretary for Financial Services and the Treasury
Mr Alan LAI Nin, GBS, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Miss Elizabeth TSE, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1

Mr K K LAM	Principal Executive Officer (General), Financial Services and the Treasury Bureau (Treasury)
Prof Arthur LI Kwok-cheung, GBS, JP Mrs Fanny LAW, GBS, JP	Secretary for Education and Manpower Permanent Secretary for Education and Manpower
Mr Michael STONE, JP	Secretary-General, University Grants Committee
Mr Chris WARDLAW	Deputy Secretary for Education and Manpower
Mr CHOI Chee-cheong, JP	Secretary General, Hong Kong Examinations and Assessment Authority
Mr CHENG Yan-chee	Deputy Secretary for Education and Manpower
Mr Eddy CHAN, JP	Deputy Secretary for Health, Welfare and Food (Food and Environmental Hygiene)
Ms Shirley KWAN	Assistant Secretary for Health, Welfare and Food (Food and Environmental Hygiene)
Mr Donald TONG	Deputy Director of Food and Environmental Hygiene
Mr Matthew CHEUNG Kin-chung, JP	Permanent Secretary for Economic Development and Labour (Labour)
Mr TSANG Kin-woo, JP	Assistant Commissioner for Labour

Clerk in attendance:

Ms Pauline NG	Assistant Secretary General 1
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Staff in attendance:

Miss Becky YU	Chief Council Secretary (1)1
Mrs Mary TANG	Senior Council Secretary (1)2
Ms Caris CHAN	Senior Legislative Assistant 1
Mr Frankie WOO	Legislative Assistant 2

Action

The Chairman thanked members for their views expressed at the last meeting regarding the date of this meeting. He said that in future, arrangements would be made to avoid scheduling meetings on dates on which a large number of members would unlikely be able to attend. He also agreed that, unless for very special reasons, meetings of the Finance Committee (FC) should be held on Friday afternoons.

Item No. 1 - FCR(2003-04)59

**RECOMMENDATIONS OF THE ESTABLISHMENT SUBCOMMITTEE
MADE ON 11 FEBRUARY 2004**

2. The Chairman put the item to vote. The Committee approved the proposal.

Item No. 2 - FCR(2003-04)60

**RECOMMENDATIONS OF THE PUBLIC WORKS SUBCOMMITTEE
MADE ON 18 FEBRUARY 2004**

3. The Chairman put the item to vote. The Committee approved the proposal.

Item No. 3 - FCR(2003-04)66

HEAD 190 – UNIVERSITY GRANTS COMMITTEE

♦ Subhead 000 Operational expenses

This item invites Members to accept the total recurrent grant for the University Grants Committee-funded institutions for the 2004/05 academic year estimated at \$10,657.8 million.

4. The Chairman reminded members that the proposal was rejected by the Committee at its meeting on 7 January 2004.

5. There being no questions from members, the Chairman put the item to vote. The Committee approved the proposal.

6. Soon after the Chairman proceeded with the discussion on the next item, Mr CHEUNG Man-kwong and Dr YEUNG Sum requested to raise questions on the approved FCR(2003-04)66. Their request was ruled out by the Chairman as the item had already been put to vote and approved. Mr CHEUNG opined that members were not allowed sufficient time to raise questions before the item was put to a vote. The Chairman said that he had given ample time for members to raise questions. It was usually during his introduction of the officials that members started to indicate their intention to raise questions. As no questions were raised, he had to put the item to vote. The item was then approved. According to procedure, he could not allow deliberation on the item as it had already been dealt with. Ms Emily LAU enquired, without prejudice to the voting result, whether the Chairman could exercise discretion to allow members to speak on the subject for record purposes. The Chairman said that in view of the public concern on the item, he would, exceptionally, allow members to speak on the subject after all items on the agenda had been dealt with. However, he would not invite the Administration to respond to views expressed. Mr CHEUNG thanked the Chairman and requested to put on record that Members of the Democratic Party (DP) were opposed to FCR(2003-04)66.

Item No. 4 - FCR(2003-04)65

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

◆ Subhead 700 General other non-recurrent

**New Item “Grant to Support the Assessment Development and Research
Activities of the Hong Kong Examinations and Assessment Authority”**

**This item invites Members to approve a new commitment of \$136.7 million for
providing a one-off grant to support the assessment development and research
activities of the Hong Kong Examinations and Assessment Authority.**

7. The Chairman reminded members that the proposal was withdrawn by the Administration at the last FC meeting on 20 February 2004.

8. Referring to the Administration’s response to members’ concerns on FCR(2003-04)58 raised at the last meeting on 20 February 2004, Ms Emily LAU noted that some of the questions raised by members were not answered in its response. She highlighted Mr James TIEN’s question on the consultancy fees for the Strategic Review for the Hong Kong Examinations and Assessment Authority (HKEAA) and Mr Andrew WONG’s concern on the need for matching assessment with international standards. The Permanent Secretary for Education and Manpower (PSEM) explained that HKEAA was bound by contractual obligations not to disclose details of the terms of consultancy in its Strategic Review unless with the consent of the parties concerned. She nevertheless agreed to provide the terms of reference of the consultancy to facilitate a better understanding of the scope of the study. The Secretary General, HKEAA (SG/HKEAA) added that HKEAA had paid a sum of \$1.5 million to the consultants in the compilation of the Strategic Review. As regards Mr Andrew WONG’s concern, PSEM said that while efforts were being made to match assessment with international standards, the one-off grant would increase HKEAA’s assessment development and research capacity to facilitate and support the implementation of education reform initiatives and to further the development of public assessment.

9. Given that HKEAA was a self-financing institution, Mr Tommy CHEUNG questioned why the Government should be held responsible for providing such a large one-off grant for it to conduct assessment development and research activities. PSEM explained that while HKEAA was required to self-finance its recurrent expenditure, the present one-off grant was meant to support fundamental changes to the public examination system which should not be derived from HKEAA’s existing resources that mainly came from fees for public examinations. Mr CHEUNG enquired whether consideration would be given to making the funding in phases based on its progress and subject to close monitoring by Panel on Education. PSEM said that the one-off grant of \$136.7 million would cover a wide scope of activities ranging from assessment development, use of technology to improve examinations, long-term guarding and comparison of students’ standards/performance and strengthening support to teachers. As these activities would be carried out for a number of years and some of these would start in 2004,

HKEAA would need to have the flexibility to disburse the funds and the certainty in its planning process. HKEAA would have no objection to report to the Panel on Education on the progress. She assured members that HKEAA would make the best use of its resources. Besides, as a statutory body, HKEAA was required to table its annual report to the Legislature for scrutiny. Meanwhile, the Education and Manpower Bureau would also examine the details of its expenditure.

10. The Chairman put the item to vote. The Committee approved the proposal.

Item No. 5 - FCR(2003-04)62

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

◆ Subhead 700 General other non-recurrent

New Item “Grant to an Early Retirement Ex-gratia Payment Fund”

This item invites Members to approve a grant of \$700 million for establishing an Early Retirement Ex-gratia Payment Fund.

11. Mr YEUNG Yiu-chung said that Members of the Democratic Alliance for Betterment of Hong Kong (DAB) supported in principle the proposal of introducing the Early Retirement Scheme (ERS). Given that the Early Retirement Ex-gratia Payment Fund of \$700 million could be offset by the recurrent savings of \$900 million a year generated as a result of reduction in classes, he suggested that ERS be implemented on a wider scale to achieve more savings on the one hand and to release more teaching positions for fresh graduates on the other. PSEM said that EMB would determine the annual quota for ERS based on the estimated supply and demand of teachers and the availability of funding. As to whether ERS would be continued after the next three school years, PSEM said that this would depend on the feedback on the outcome of implementation of ERS.

12. Mr CHEUNG Man-kwong said that DP Members supported the proposal as ERS would provide stability of employment for teachers. It would also make available more vacant positions for serving teachers and fresh graduates as well as the flexibility in the allocation of teaching positions.

13. Mr Tommy CHEUNG said that Members of the Liberal Party (LP) were supportive of the proposal. He enquired whether the positions vacated by the retiring teachers would be replaced. PSEM explained that aided schools under the same educational organization were allowed to flexibly allocate the vacated positions within the organization to accommodate non-retiring surplus teachers.

14. While supporting the proposal, Ms Emily LAU noted that the Administration’s paper had not made any reference to the outcome of consultation. She was concerned that the departure of a large number of experienced teachers would adversely affect the quality of education. It might also conflict with the implementation of small class teaching which would inevitably require more teachers. PSEM affirmed that the Administration had consulted teachers

associations and they were supportive of the proposal. As regard small class teaching, funding would be provided to the schools selected for the pilot scheme on small classes so that they could engage more teachers and/or more teaching aids. On the concern about the departure of a large number of experienced teachers, PSEM said that the school principals would have the discretion to approve the early retirement of teachers having regard to their staffing situation.

15. Noting that teachers who received the early retirement ex gratia payment would be required to sign an undertaking to the effect that he or she would not take up full-time or part-time teaching employment starting from the date of early retirement, Mr MA Fung-kwok enquired if the employment referred to would apply to non-teaching positions. PSEM advised that teachers retiring under ERS would not be allowed to take up teaching posts in government, aided, caput and direct subsidy scheme schools but would be allowed to take up non-teaching positions in the schools.

16. Dr LO Wing-lok asked if schools were obliged under contract terms to guarantee the employment of teachers until their retirement. He was concerned that the introduction of ERS for aided primary teachers might set a bad precedent for public and aided institutions. PSEM said that while no employers would have the obligation to guarantee their employees' employment until retirement, there was a need to maintain the stability of the education sector amid the education reform. There was also a need to make available teaching positions for fresh graduates. Furthermore, the proposed ERS would achieve savings and assist in reducing the budget deficit. As the funding for ERS would be made on an ex gratia basis and would be subject to review, it would not set a precedent for other public institutions. Besides, a case could be made to reinforce ERS to the education sector only as teachers of aided schools were paid through Deficiency Grants and their provident fund was administered by the Government.

17. The Chairman put the item to vote. The Committee approved the proposal.

Item No. 6 - FCR(2003-04)61

LOAN FUND

NEW HEAD "Hygiene Improvement"

- ◆ **New Subhead "Incentive Scheme for Hygiene Improvement in Food Premises"**

This item invites Members to approve the creation of a new Head "Hygiene Improvement" under the Loan Fund and a new Subhead "Incentive Scheme for Hygiene Improvement in Food Premises" under the new Head, with a commitment of \$310 million to provide funding for making loans to food business operators to improve the hygienic conditions of their food premises.

18. The Chairman informed members that the Panel on Food Safety and Environmental Hygiene was consulted on the proposal at its meeting on 9 January 2004.

19. Mr Tommy CHEUNG said that LP Members supported the proposal. He enquired whether food premises registered under light refreshment licences were eligible for financial assistance under the Incentive Scheme for Hygiene Improvement in Food Premises (the Scheme). He also requested for the extension of the Scheme to cover poultry stalls registered under fresh food licence as assistance was badly needed to improve the hygiene of these stalls, particularly in light of the outbreak of avian influenza in neighbouring Asian countries, including the Mainland. Consideration could be given to prioritizing the allocation of loan under the Scheme to food premises, while the remainder to live poultry businesses.

20. In reply, the Deputy Secretary for Health, Welfare and Food (Food and Environmental Hygiene) (DSHWF) confirmed that food premises registered under light refreshment licences were eligible for financial assistance under the Scheme. As the objective of the Scheme was to raise the hygiene standard of food premises that sold ready-to-eat food, poultry and frozen food stalls would not be covered. Besides, there were existing measures to ensure the cleanliness of poultry stalls, which included the setting aside of market rest days for cleansing. A package of relief measures and financial assistance were also made available to the live poultry trades during the interim when there was no supply of live poultry from the Mainland. For live poultry stalls in wholesale poultry markets under the management of the Agriculture, Fisheries and Conservation Department and in wet markets under the management of the Food and Environmental Hygiene Department (FEHD), stall operators who carried on their business would receive a 50% waiver in rental charges for a period of three months starting from a date to be announced by the Government. (concessionary period). Those who ceased to operate for 30 consecutive days or more during the concessionary period would be granted the relevant amount of the remaining 50% waiver in rental charges. For live poultry stalls in private premises, licensees would be granted an ex gratia payment of \$5,000 during the concessionary period. Those who ceased to operate during the period would be granted an additional \$5,000 upon application and approval/verification by FEHD. In view of the comprehensive package of relief measures, it was not considered necessary to extend the Scheme to cover poultry stalls.

21. On implementation of the Scheme, The Deputy Director of Food and Environmental Hygiene (DDFEH) advised that a loan commitment of \$310 million would be made available to accommodate about 6 200 applications in the first round. The loan amount for each application would be capped at 40% of the approved refurbishment cost or \$50,000, whichever is the lower. Given that applicants would have to bear 60% of the refurbishment cost, it was unlikely that all of them would opt for the maximum loan amount as this would mean that they would have to pay \$75,000 for refurbishment. If this was the case, the Scheme might be able to accommodate more than 6 200 applications in the first round. Furthermore, as the Scheme would be of a revolving nature, loan repayments would be used to finance applications received in subsequent rounds. Initially, there would be up to six rounds of applications, after which the Scheme would stop receiving new applications. The Administration would take into account the experience of the first round of applications and repayments before proceeding with subsequent rounds.

22. Noting that food business operators would have to pay 60% of the refurbishment cost upfront in order to benefit from the Scheme, Ms Emily LAU enquired whether the trades had been consulted on the Scheme. DSHWF answered in the affirmative. He said that the trade was generally supportive of the Scheme which would provide the necessary financial assistance and incentive to improve the hygienic conditions of food premises to meet the latest standards.

23. Mr Tommy CHEUNG sought elaboration on the interest rate to be charged for the loan. DDFEH explained that the loan interest would be charged on a “no-gain-no-loss” rate which, as of 1 February 2004, was 2.826% per annum and was much lower than the average best lending rate of 5% per annum of the three note-issuing banks on the same date. The rate was calculated in accordance with the formula set out by the Secretary for Financial Services and the Treasury and was equivalent to the difference between the average best lending rate of the three note-issuing banks and the average lending rate for the past 10 years less the average 12-month Hong Kong Interbank Offer Rate for the past 10 years. As the formula was based on the average lending rate for the past 10 years, fluctuations in the “no-gain-no-loss” interest rate would be minor, particularly when the loan was to be repaid within two years. The “no-gain-no-loss” interest rate was also applicable to the Slope Improvement Loan Scheme for Private Schools as well as the Comprehensive Building Safety Improvement Loan Scheme. In response to Mr CHEUNG’s further question, DDFEH confirmed that the loan would be administered by FEHD.

24. Mr IP Kwok-him said that DAB Members were supportive of the Scheme as it would help improve the cleanliness of food premises, which would in turn protect the health of the community. He however emphasized the need for the Administration to step up monitoring of the hygienic conditions of food premises after completion of the improvement works. He then enquired if the Scheme would be continued if funds were still available after the six rounds of applications. DDFEH advised that the Scheme was targeting at food premises with substandard hygienic conditions. As it would take quite some time to complete the six rounds of applications, it was expected that most of the existing food premises would have made improvements to their hygienic conditions by then. Food premises applying for new or renewal of food licences would need to comply with the stringent hygiene standards promulgated by FEHD under zero tolerance policy. FEHD was also considering the introduction of a demerit point system under which food premises failing to comply with the hygiene standards would receive demerit points which might lead to revocation of licences.

25. Mr Fred LI expressed support for the Scheme which had been discussed at length by the Panel on Food Safety and Environmental Hygiene. He was glad that the Administration had acceded to the Panel’s request of withdrawing the original proposal of offering a cash subsidy to successful applicants in the first round of application. He was however concerned whether FEHD would have the expertise in ascertaining the need and the merit of the improvement works. He also agreed that FEHD should strengthen monitoring of the hygienic conditions of food premises after completion of the Scheme. DDFEH said that FEHD would inspect

the food premises and request for a cost breakdown of the improvement works before approving the loan application. It would also seek assistance from the Architectural Services Department in drawing up a list of estimated cost for building works/equipment to facilitate its evaluation of the applications. . He added that monitoring of hygienic conditions of food premises would be carried out on an ongoing basis.

26. While supporting the Scheme, Ms Emily LAU was concerned how the Scheme could help to resolve the hygienic problems as set out in paragraph 3 of the paper, particularly those associated with small/medium sized food premises which had extended scullery and sterilization facilities to rear lanes due to space constraints and those which had extended their business outside the shop fronts or exposed their food to open air. DSHWF explained that the paragraph referred to had set out how improvements could be made to the hygienic conditions of small/medium sized food premises. The Scheme would offer the necessary financial assistance to enable food premises to improve the hygienic conditions of their kitchen. He however agreed that problems associated with the extension of business outside shop fronts and preparation of food in rear lanes should be dealt with through enforcement actions by FEHD. DDFEH added that guidelines on how kitchens could be upgraded would be issued to operators of food premises. Applicants could use the loan for the installation of dish washing machines and sterilization facilities, as well as provision of shelves and storage facilities to optimize the space for washing and cooking within the kitchens.

27. Ms Emily LAU enquired whether existing practices of extending business outside shop fronts or extending scullery to the rear lanes would be tolerated in future after enforcement actions had been stepped up. DSHWF affirmed that prosecutions would continue to be taken against scullery or food preparation in rear lanes. Premises which had difficulties in accommodating scullery and sterilization facilities had to find their own means to resolve the hygienic problems. DDFEH added that there were 296 prosecutions taken against scullery or food preparation in yard/alley or pavement in 2003. It was expected that the Scheme would help food business operators in improving the hygienic conditions of their food premises. At members' request, the Administration undertook to provide details of the 296 prosecutions against food operators in 2003.

Admin

28. Dr LO Wing-lok expressed appreciation for the Administration's withdrawal of the original proposal of offering a cash subsidy to successful applicants. He said that while taxpayers would not mind providing assistance to improve the hygienic conditions of food premises, food business operators should have the sole responsibility in keeping their premises clean. He then enquired about the direction, through enforcement or provision of incentive, which the Administration would adopt in improving the hygienic conditions of food premises. DSHWF explained that prosecutions would be taken against food premises which did not meet the basic hygiene standards. However, with the assistance provided by the Scheme, it was hoped that these premises could be able to improve their hygienic conditions.

29. The Chairman put the item to vote. The Committee approved the proposal.

Item No. 7 - FCR(2003-04)63

HEAD 90 – LABOUR DEPARTMENT

♦ Subhead 700 General other non-recurrent

New Item “Youth Self-employment Support Scheme”

This item invites Members to approve a new commitment of \$30 million for launching the Youth Self-employment Support Scheme on a trial basis starting from 2004-05

30. The Chairman informed members that the Panel on Manpower was consulted on the proposal at its meeting on 12 February 2004.

31. While supporting the Youth Self-employment Support Scheme (YSSS), Mr NG Leung-sing was of the view that YSSS would not be of much help to the unemployment situation as it would only assist 1 000 youths in self-employment. More would need to be done to help reduce the unemployment rate. He was also concerned that the YSSS participants might not be able to compete with established business enterprises and enquired about the means to assess the efficacy of YSSS. His views were shared by Mr Howard YOUNG. The Permanent Secretary for Economic Development and Labour (Labour) (PSL) said that the Administration would review the effectiveness of YSSS on its completion taking into account the number of successful trainees, the number of trainees further pursuing self-employment and their feedback on the efficacy of YSSS in equipping them with the necessary skills.

32. On the provision of training for YSSS participants, PSL advised that non-government organizations (NGOs) or non-profit training bodies would provide training to the trainees through qualified instructors. Depending on the nature of the trade, the training would last for a period of no more than four months and would cover both vocational training on work skills and basic training on self-employment. The latter included market research, marketing strategy, sales techniques and customer service, financial management and budgeting as well as interpersonal and social skills. To enhance the understanding of trainees on the various aspects of self-employment by hands-on practices, and to allow them to critically assess whether self-employment was a viable option, the commissioned bodies would assume the role of business managers and assist trainees in establishing business connections with a view to developing their self-employment potentials. The duration for such support service would vary with the length of the training period but would not be less than eight months. As such, each trainee would receive training and support services for a full year. The commissioned bodies would also provide a full range of facilities and administrative support for securing business to trainees during the service period. These included providing the venue for conducting business, making available the necessary equipment and hardware support on a loan basis and assisting in networking with appropriate bodies and organizations. For those trainees who had successfully established

business connections and who intended to start their own business before or on completion of training, the commissioned bodies would provide them with necessary advice and follow-up services as appropriate.

33. Mr LEE Cheuk-yan remained concerned about the effectiveness of YSSS given that participants lacked any working experience in the field which they were trained. He said that instead of providing training on self-employment, consideration should be given to equipping them with the necessary skills to seek employment. PSL agreed with Mr LEE that not all youths were suitable to become self-employed. YSSS would be targeted at youths who had been assessed with motivation to become self-employed in areas with business prospects. The commissioned bodies would provide the necessary training to these youths to assist them in self-employment. Those who were found not suitable would be advised to join other programmes such as the Youth Pre-employment Training Programme or the Youth Work Experience and Training Scheme.

34. Mr James TIEN shared Mr LEE Cheuk-yan's concern on the effectiveness of YSSS. He also considered a need for the Administration to ascertain the supply and demand for the 10 service areas under YSSS. By way of illustration, the demand for hairdressing and beauty treatment services might not be very high since many Hong Kong people might prefer to go to Shenzhen for the cheaper services. PSL said that areas with business prospects for which training would be offered might include information technology and multimedia applications (e.g. graphic design, web page editing, computer animation, desk-top publishing), personal care (e.g. hair-dressing, nail-polishing, beauty therapy, aroma treatment, manicure), and public performances (e.g. magic show, hip-hop dance). The commissioned bodies offering training would seek advice from the trade and the business sector on the supply and demand of services in the market. Mr TIEN asked if consideration would be given to amalgamating YSSS with the Youth Work Experience and Training Scheme under FCR (2003-04)64 given their similar nature. PSL said that the Administration had an open mind on YSSS which would be implemented on a pilot basis.

35. Ms Emily LAU indicated support for the proposal. Noting that similar training had been offered to youths by voluntary organizations in the past, she enquired about the results which might serve as a reference for YSSS. PSL advised that past experience showed that some of the youths who had undergone training were successful in engaging themselves in self-employment in areas such as stage designs, promotional activities and freelance translation services. As regards funding for YSSS, PSL said that proposals from participating NGOs and training bodies would be scrutinized by a central vetting committee comprising representatives of the Hong Kong Council of Social Service, the business sector, the academia and the Labour Department (LD). Initially, funding would be provided for training in the 10 areas with business prospects, and each area would be expected to accommodate about 100 youths. Each commissioned body would be allowed to train between 25 and 50 youths. As the administrator of YSSS, LD would monitor the delivery of the projects and conduct a review upon completion of YSSS.

36. On the selection criteria for the 1 000 youths and the trades for training under YSSS, Mr Henry WU asked if these were based on market needs or youth interest. PSL advised that some degrees of flexibility would be accorded in deciding the nature of training to be offered and in doing so, consideration would be given to the development potentials, market needs, youth interest and costs. It was hoped that the youths could become self-employed upon completion of training.

37. Mr WONG Sing-chi said that DP Members supported the proposal. He however pointed out that apart from training for self-employment, assistance should also be provided to help youths to seek employment in the longer term. PSL clarified that the purpose of YSSS was to enable youths to establish themselves in the labour market. Trainees were not required to take up self-employment upon completion of training but were free to take up employment if they wished.

38. While supporting the spirit of YSSS, Miss CHAN Yuen-han expressed dissatisfaction that Government had all along been investing in this kind of short-term assistance schemes since 2000, which in her view were not able to tackle the unemployment situation. A more comprehensive and long-term plan was urgently required to address the problem.

39. Mr IP Kwok-him expressed support for the proposal as it would enable youths who had the motivation and creativity but without the financial means to become self-employed after training. Given that YSSS was only intended for one year, he enquired if consideration would be given to extending YSSS for a longer term if it proved to be a success and having regard to the high investment cost on equipment and facilities. Expressing similar concern, Mr LEE Cheuk-yan enquired how the \$15 million worth of equipment and facilities would be disposed of upon completion of YSSS. PSL said that a review on the effectiveness of YSSS would be conducted upon completion of the scheme. If YSSS was found to be successful and the commissioned bodies were willing to continue to provide the necessary follow-up services to the youths, Government would continue to make the equipment and facilities on loan to them.

40. The Chairman put the item to vote. The Committee approved the proposal.

Item No. 8 - FCR(2003-04)64

HEAD 90 – LABOUR DEPARTMENT

◆ Subhead 700 General other non-recurrent

Item 532 Youth Work Experience and Training Scheme

This item invites Members to approve an increase in the approved commitment from \$400 million by \$300 million to \$700 million to continue with the Youth Work Experience and Training Scheme.

41. The Chairman informed members that the Panel on Manpower was consulted on the proposal at its meeting on 12 February 2004.

42. Dr TANG Siu-tong asked how many of the 11 352 trainees registered under training vacancies of the Youth Work Experience and Training Scheme (the Scheme) were able to secure long-term employment. PSL advised that the required information was not yet available as the trainees were still under training. The Administration would engage the Hong Kong Polytechnic University to conduct a study to follow up the employment situation of these trainees.

43. Dr YEUNG Sum said that DP Members were in support of the proposal. He opined that the Scheme was more practical than YSSS since trainees were guided by case managers who would assist them in enhancing their employability. Furthermore, a mid-term review would be conducted on the effectiveness of the Scheme. He hoped that LD would in future organize more of these training schemes to assist the youths in finding employment.

44. Mr LEE Cheuk-yan declared interest as the General Secretary of the Hong Kong Confederation of Trade Unions which was one of the organizations participating in the Scheme. He enquired about the job nature of the 11 352 trainees registered under training vacancies and of the 7 758 trainees who had been placed in the open employment market. PSL said that the training vacancies were provided by about 5 200 employing institutions, and among these, the "IT Seeds" had offered training for more than 900 youths in IT teaching support, IT administrative support and IT technical support for primary and secondary schools. He also agreed to provide a breakdown on the nature of jobs of the 7 758 trainees who had been placed in the open employment market.

Admin

45. Miss CHAN Yuen-han enquired about the training to be offered and whether this would be recognized by prospective employers. PSL explained that in order to provide diversified training opportunities to young people, LD had organized special projects tailor-made for various industries and occupations. One of these was the "Youth Work Experience and Skills Enhancement Programme for the Manufacturing Industry" which prepared young people for entry into the manufacturing sector. Trainees who benefited from the training provided would have a better chance of securing employment within the industries. Mr LEE Cheuk-yan expressed concern about the adequacy of training, in particular for "Sports Instructor Trainees". PSL advised that the sports trainees programme was jointly held with the Leisure and Cultural Services Department and applicants had to be assessed on their potential for sports before enrolling in the programme. Sports training was quite intense and trainees were required to take part in qualifying examinations to enable them to become sports instructors.

46. Ms Emily LAU enquired about the work nature and remuneration package of the 730 registered social workers who had been appointed as case managers. PSL said that each trainee would be given 50 hours of guidance and counseling services by case managers. Apart from assisting trainees in enhancing their employability, the case managers would also help in improving their social and interpersonal skills. The rate of remuneration for these case managers was \$50 per hour and an estimated provision of \$36 million had been earmarked for their services.

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47. Referring to the diversified training opportunities provided under the Scheme, Mr LEUNG Fu-wah asked if these would overlap with YSSS, particularly in respect of the special employment project for the creative and arts performance industries. PSL explained that the special employment project for the creative and arts performance industries under the Scheme was of a much smaller scale than that under YSSS and would offer only 100 training vacancies. Noting that an additional \$300 million had been earmarked for the Scheme, Mr LEUNG requested and PSL agreed to provide a cost breakdown of the additional funding as opposed to that of the original funding of \$400 million.

48. The Chairman put the item to vote. The Committee approved the proposal.

Any other business

49. The Chairman said that while it had been set out in Rule 34 of the Rules of Procedure applicable to the FC Procedure that no member might speak on an item after it had been put to FC for decision, he would allow, as an exceptional case, members to state their positions on FCR(2003-04)66, but this should not set a precedent for future meetings.

50. Dr YEUNG Sum thanked the Chairman for allowing him to speak. He apologized on behalf of DP Members for not being alert at the meeting. He wished to put on record their objection to the proposed 10% funding cut in education for the 2004/05 academic year as well as the 0-0-5 or 0-0-X funding arrangement for the 2005-08 triennium. He stated that DP Members questioned the rationale for the funding cut if there was general consensus that education was important and investment was necessary. Dr YEUNG said that the Heads of Universities Committee (HUCOM) had accepted the proposed funding arrangements because they had no other choices. He cautioned that funding cuts in education would inevitably undermine the competitiveness of Hong Kong in the long run.

51. Mr CHEUNG Man-kwong also apologized for not raising his objection to the proposal when it was put before the committee. He said that DP Members were opposed to the funding cut on account of its serious impact on the quality of higher education. To cope with the anticipated funding cuts, some of the tertiary institutions had already undergone restructuring processes to reduce the number of courses offered while others had proposed tuition fee increases as much as \$10,000 per year. He also drew members' attention to the fact that the proposed 10% funding cut for 2004/05 academic year would form the basis for future adjustments under the 0-0-X funding arrangement.

52. Mr LEE Cheuk-yan said that Members of the Hong Kong Confederation of Trade Unions objected to the proposed funding cut. He said that Hong Kong had lagged behind its competitors in terms of general education level and more investments in education were required to maintain its competitiveness. He was gravely concerned about the impact of the funding cut given that some universities

had already been reducing the salaries of staff. He also expressed regret over the statement made by the Secretary for Education and Manpower (SEM) the day before that some Members were rejecting the proposal for the sake of opposition. He hoped that SEM would respect the different views expressed by Members.

53. Ms Emily LAU echoed that investment in education was necessary to maintain Hong Kong's competitiveness. However, as a member of the Public Accounts Committee, she considered that there was room for the universities to achieve savings. Efforts should also be made to seek alternative funding through donations.

54. Mr YEUNG Yiu-chung said that DAB Members had objected against the proposed funding cut for the 2004/05 academic year earlier because the Administration had not committed on the funding arrangement for the 2005-08 triennium. Given that the Administration had made it clear that there would be no further funding cut (after the planned 10% reduction) for the first two years of the triennium and not more than 5% cut for the third year, depending on the economic outlook at that time, DAB Members considered it a much improved arrangement and would support the proposed funding cut for the 2004/05 academic year.

55. Mr TAM Yiu-chung said that although the proposal might not be the best arrangement, it had the support of HUCOM. As such, Members of the Hong Kong Federation of Trade Unions would support the proposal.

56. Mr MA Fung-kuok said that he had abstained from voting on the proposal at the meeting on 7 January 2004 because the Administration no commitment on the future funding arrangement for the 2005-08 triennium. He said that while he would not support funding cut in higher education in principle since this was at variance with the development of a knowledge based economy, he was prepared to support the proposal this time given the need to reduce fiscal deficit and the fact that the Administration had committed on the funding arrangement for the 2005-08 triennium. He hoped that with the revitalization of the economy, the Administration would shelve any future funding cut or might even consider funding increases for the education sector.

57. Mrs Selina CHOW said that LP Members were in support of the proposal and their position had not wavered since. She reiterated that funding for the 2004/05 academic year should be dealt with separately from that for the 2005-08 triennium. However, politically or otherwise, some members had tried to link the two proposals together and their main concern was the self interests of university staff. While acknowledging that no funding cuts would be welcomed, this did not mean that funding cuts should not be implemented. She opined that education funding should be viewed from a wider perspective to enable an equitable and effective allocation of resources among primary, secondary and tertiary education. It would not be fair to other sectors which had to accept funding cuts while the higher education sector could be exempted. She stressed that funding cuts should be made when there was room for reduction.

Action

- 17 -

58. Mr CHEUNG Man-kwong requested to put on record that DP Members present at the meeting were opposed to the proposal. These included Mr Fred LI, Dr YEUNG Sum, Mr SZETO Wah, Dr LAW Chi-kwong, and himself.

59. The meeting was adjourned at 11:00 am.

Legislative Council Secretariat

23 April 2004