

立法會
Legislative Council

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Finance Committee of the Legislative Council

**Minutes of the 10th meeting
held at the Legislative Council Chamber
on Friday, 14 May 2004, at 2:30 pm**

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
Hon Martin LEE Chu-ming, SC, JP
Dr Hon Eric LI Ka-cheung, GBS, JP
Hon Fred LI Wah-ming, JP
Dr Hon LUI Ming-wah, JP
Hon Margaret NG
Hon James TO Kun-sun
Hon CHEUNG Man-kwong
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, SBS, JP

Dr Hon YEUNG Sum
Hon YEUNG Yiu-chung, BBS
Hon LAU Kong-wah, JP
Hon LAU Wong-fat, GBS, JP
Hon Miriam LAU Kin-yea, 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
Dr Hon LAW Chi-kwong, JP
Hon TAM Yiu-chung, GBS, JP
Dr Hon TANG Siu-tong, JP
Hon LI Fung-ying, JP
Hon Henry WU King-cheong, BBS, JP
Hon Tommy CHEUNG Yu-yan, JP
Hon Michael MAK Kwok-fung
Hon Albert CHAN Wai-yip
Hon LEUNG Fu-wah, MH, JP
Dr Hon LO Wing-lok, 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

Members absent:

Dr Hon David LI Kwok-po, GBS, JP
Hon Mrs Selina CHOW LIANG Shuk-yea, GBS, JP
Hon HUI Cheung-ching, JP
Hon CHAN Kwok-keung, JP
Hon LAU Chin-shek, JP
Hon Timothy FOK Tsun-ting, SBS, JP
Hon Abraham SHEK Lai-him, JP
Hon MA Fung-kwok, JP

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 Alfred FOK	Principal Executive Officer (General), Financial Services and the Treasury Bureau (Treasury)
Mrs Cherry TSE, JP	Deputy Secretary for Education and Manpower
Mr David WONG	Principal Assistant Secretary for Education and Manpower
Ms Ernestina WONG	Principal Assistant Secretary for Environment, Transport and Works (Transport)
Mr MAK Chai-kwong, JP	Director of Highways
Mr CHOW Ying-shun, JP	Assistant Director of Highways
Mr LAM Hon	Chief Traffic Engineer of Transport Department
Mr Jack CHAN	Principal Assistant Secretary for Environment, Transport and Works (Works)
Mr Albert T N CHENG	Assistant Director of Civil Engineering
Miss Annette Y F LAM	Senior Treasury Accountant of Civil Engineering Department
Mr Michael WONG	Deputy Secretary for Security
Mr Alan CHU	Principal Assistant Secretary for Security
Mr Raymond WONG, IMSM	Assistant Director of Immigration
Mr Albert LAI	Chief Systems Manager of Immigration Department
Mr CHEUNG Chin-hung	Principal Immigration Officer of Immigration Department
Ms Eva CHENG, JP	Commissioner for Tourism
Ms Winner LEUNG	Acting Assistant Commissioner for Tourism
Mrs Susan MAK, JP	Deputy Director of Administration
Miss Elley MAO, JP	Acting Government Economist
Miss Mary CHOW, JP	Deputy Secretary for Commerce, Industry and Technology (Commerce and Industry)
Mr Francis CHU	Principal Executive Officer (Administration) of Administration Wing
Miss Denise YUE, GBS, JP	Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)
Mr Kevin HO, JP	Director-General of Trade and Industry
Mr Philip YUNG	Deputy Director-General of Trade & Industry

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
Miss Edith CHAN	Council Secretary (1)1
Ms Caris CHAN	Senior Legislative Assistant 1
Mr Frankie WOO	Legislative Assistant 2

Action

Item No. 1 - FCR(2004-05)6

**RECOMMENDATIONS OF THE ESTABLISHMENT SUBCOMMITTEE
MADE ON 28 APRIL 2004**

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

Item No. 2 - FCR(2004-05)7

**RECOMMENDATIONS OF THE PUBLIC WORKS SUBCOMMITTEE
MADE ON 21 APRIL 2004**

2. Mr CHEUNG Man-kwong requested that PWSC(2004-05)6 be discussed and voted on separately. The Chairman therefore put FCR(2004-05)7 except PWSC(2004-05)6 to the vote. The Committee approved the proposal.

PWSC(2004-05)6 38EC A direct subsidy scheme school (secondary-cum-primary) at Harmony Road, Siu Sai Wan

3. Mr IP Kwok-him declared interest as the Executive Secretary of Hon Wah Educational Organization, the sponsor of the proposed school. As such, he would not participate in the discussion nor the voting of the item. Mr Jasper TSANG also declared interest as a supervisor of a direct subsidy scheme (DSS) secondary school in Eastern District and a member of the board of directors of a subsidized school in Siu Sai Wan.

4. Mr CHEUNG Man-kwong said that Members of the Democratic Party (DP) held the view that the provision of schools should be based on supply and demand of school places within a district. Hence, they had no objection to the previous recommendations of the Public Works Subcommittee (PWSC) on the construction of two schools in Sham Shui Po and one school in Ho Man Tin to meet the demand of school places in the two districts. However, the situation in Eastern District was quite different and he wished to put on record the following information with regard to the oversupply of school places in the District -

Action

- (a) the number of students aged between six and 11 years were estimated to drop from 38 000 in 2002 to 26 000 in 2010, representing a 30% decrease and ranking third among the 18 districts in terms of extent of decrease;
- (b) there were already 1 400 vacancies in the secondary schools and 1 300 vacancies in the primary schools in 2003 (mainly in primary one to three), and the vacancy rate was the second highest among the 18 districts; and
- (c) the Government had plans to construct more schools in the Eastern District between 2005 and 2007 albeit there were already three DSS schools, a new DSS primary school, English Foundation Schools and International Schools within the District.

5. Mr CHEUNG pointed out that the proposed construction of another DSS school at Harmony Road, Siu Sai Wan would further increase the supply of school places in Eastern District, thereby exacerbating the imbalance between supply and demand. As indicated in the letters from the principals of 23 primary schools and 11 secondary schools in Eastern District tabled at the meeting, there was strong objection to the proposed provision of another DSS school within the District having regard to the declining student population. Given that there were about 40 schools in Eastern District, the 34 schools referred to represented the views of the majority of schools. Besides, there were a few schools which had indicated their objection to the proposal but did not send in written submissions. Mr CHEUNG said that DP Members would support the proposal if this was meant for conversion to whole-day primary schooling (WDPS), or for redevelopment or improvement purposes. However, the present proposal was none of these cases. DP Members therefore would not support the proposal, and a written statement setting out DP Members' views would be provided to the Secretariat after the meeting.

6. In reply, the Deputy Secretary for Education and Manpower (DS(EM)) said that students in Eastern District should not be deprived of the educational benefits offered by WDPS. Of the eight bi-sessional primary schools in Eastern District, six would be converted to WDPS in the near future while the remaining two were actively considering the conversion. Based on a conservative estimate that the half-day session of each school involved 600 school places, she had pointed out at the previous PWSC meeting that the conversion of the six schools through merger of morning and afternoon sessions would at least result in a reduction of 3 600 school places. The estimate had proved conservative. In Eastern District, some 9 000 students were enrolled in the morning session and some 8 500 students in the afternoon session. Merging the two sessions would indeed result in the reduction of over 8 000 school places. She added that despite the decline in student population, there would only be a surplus of 34 WDPS classrooms in Eastern District in 2008 even if all the planned schools as set out in the paper for the meeting of the Panel on Education on 30 January 2004 were implemented. If the places provided by DSS schools which recruited students from all districts were to be excluded, there would be a shortfall of six classrooms.

7. As regards the letters from the 34 schools, DS(EM) said that she had been given to understand that some of the schools had been called upon by others to send in their written objection against the proposal. Referring to one of the schools which alleged that some primary schools within Eastern District were unable to recruit enough students for their primary one classes, DS(EM) explained that the schools concerned were among those ranked the lowest within the school net in terms of parents' preference. The proposed project, with an integrated and cross-curriculum teaching approach, might hence be seen as helping to enhance parental choice of schools.

8. Mr CHEUNG Man-kwong rebuked DS(SM)'s suggestion that the schools were being called upon by others to object to the proposal. He pointed out that the schools had merely set out the facts, including the mismatch in supply and demand of school places. He found the Administration's advocacy of the school sponsor by openly recognizing the teaching approach of the school an unusual move to seek support for a public works item. This had deviated from the long-established principle of giving regard to the need for the school, such as supply and demand, rather than the teaching approach in determining whether a school should be built. He expressed regret that the Administration was trying to downplay the imbalance between supply and demand of school places while attributing the difficulty of schools in recruiting enough students to their low ranking in the school net. In fact, some very good schools in Eastern District had to reduce their class sizes due to decline in student population.

9. In reply to Miss Margaret NG who asked for the names of the schools which DS(SM) referred to, DS(EM) stated that it was not appropriate to provide the names. Miss NG opined that it was unfair to these schools as they would not be able to defend themselves against the allegation. She was also not convinced that the Administration should link the provision of school with the teaching approach and curriculum adopted by the school, which in her view were two separate issues. She was concerned that if this was the case, the Administration would only construct schools which conformed to its pre-determined teaching goals. She also considered it necessary for the Administration to provide assistance to the schools which were least preferred by parents within the school net. Mr SZETO Wah also questioned why the Administration had the impression that the schools had been called upon to object to the proposal. DS(EM) said that one of the letters shown to her earlier seemed to give her such an impression. However, she had no intention to demean any schools, and she respected the views put forward by the schools and their concerns about the oversupply of school places. She apologized if any misunderstanding in this respect had been caused.

10. Noting that most of the letters tabled at the meeting had similar wordings, format and punctuation, Mr LEUNG Fu-wah held the view that there were reasons to believe that the schools had been called upon to submit these letters of objection. He also urged members to support the proposal which was thoroughly deliberated and endorsed by PWSC at its meeting on 21 April 2004.

11. While agreeing that the decline in student population was a territory-wide problem which had to be addressed, Mr YEUNG Yiu-chung pointed out that the situation could not be improved by rejecting the construction of the proposed school which aimed to re-provision an existing school in substandard premises. The school had repeatedly applied for re-provisioning over an extended period. Now that the Administration had finally agreed to the need for re-provisioning, he urged members to support the proposal.

12. Dr YEUNG Sum said that DP Members' objection to the proposal was based on the need to balance supply and demand of school places rather than pinpointing at any particular school. He drew members' attention to the joint letter from 23 schools which revealed that the oversupply of school places in Eastern District had led to reduction in the number of classes, under-enrolment/closing of primary one classes, and non-provision of sites for WDPS schools. The proposal to construct a "through train" school in the District would further aggravate the imbalance between supply and demand, and would lead to wastage of public resources. He urged members to take into account the views of the schools in deciding on the proposal.

13. DS(EM) explained that the demand and supply of primary and secondary school places were based on pre-determined planning parameters, including population forecast. However, macro forecast on a district basis could not fully anticipate implementational fluidity, thus resulting in a supply and demand balance different from that forecast. For instance, the school places allocation mechanism provided for a certain amount of discretionary places which were not school-net bound. Parents might opt for schools which were not located in the district where they were residing. They might seek to secure school places other than those allocated to their children. The supply and demand was also affected by the merging of morning and afternoon classes for the implementation of WDPS. The proposed construction of the school in Harmony Street, which would take about two years to complete, would be able to provide the needed school places within Eastern District to tie in with the full implementation of WDPS in 2007.

14. Noting that the schools were worried about the oversupply of school places while the Administration was concerned about the shortfall in the number of classrooms, Miss Margaret NG sought clarification on such a discrepancy. DS(EM) explained that the method adopted in calculating the number of surplus primary school places in schools which provided both activity and traditional teaching were not entirely concise. By way of illustration, many schools adopted activity approach teaching in primary one to three and non-activity approach teaching in primary four to six. The standard class size of activity teaching was 32 while that for traditional teaching was 37. However, schools would seldom proactively take in new students in primary four to six just to fill up the few places resultant from change in teaching approaches. Thus, the difference in size between the two types of teaching classes would result in a surplus of five school places in each of the upper primary class of such schools.

15. As regard the provision of sites for construction of schools, DS(EM) explained that an open and competitive process was in place for the allocation of schools. Where a suitable site was identified, the Administration would invite applications from school sponsors who would be required to set out their proposals. Shortlisted applicants would be interviewed by an assessment board comprising both government and non-government representatives, including those from the business and education sectors. Applications would be assessed based on past performance and merits of the proposal, including the curriculum and teaching approach proposed.

16. Given that there was already a surplus of over 30 classrooms in Eastern District, Mr LEE Cheuk-yan expressed concern that the proposed construction of yet another school within the District would further aggravate the imbalance between supply and demand. He considered it a waste of public resources in closing down schools with recruitment problems on the one hand and opening new schools on the other. He also enquired about the usage of the vacated site in the Central-Western District upon the reprovisioning of the school to Harmony Street. DS(EM) said that the Administration had plans to reprovision dilapidated schools to new sites. In doing so, the vacated site would be returned to the Government unless it was owned by the school authorities through acquisition from open market. The reprovisioning of dilapidated schools and the development of new schools were not in conflict with each other. As regards the original site of the school at the Central-Western District, it was too small to accommodate a standard Y2K school.

17. Mr CHEUNG Man-kwong shared the concern about the confusion arising from the opening and closing of schools. He opined that the Administration's intention to demean schools with difficulty in recruiting students was aimed at closing down the schools. This had aroused much dissatisfaction among the school authorities. He said that in deciding the allocation of schools, the District Councils and the school authorities should be consulted on the supply and demand of school places within the districts concerned. While agreeing to the need to reprovision the more dilapidated schools, Mr CHEUNG pointed out that there were quite a number of schools in Eastern District which needed to be reprovisioned but were not given the necessary approval. The present proposal was complicated by the fact that the original site of the school was in Central-Western District while the reprovisioned site was in Eastern District. The provision of DSS schools which could accept students on a territory-wide basis further aggravated the problem of imbalance in supply and demand of school places. With the provision of three new DSS schools in Eastern District, which would provide 1 300, 1 100 and 828 school places in 2005, 2006 and 2007 respectively, coupled with the decline in student population, the problem of oversupply of school places would be further intensified.

18. As the focus of contention appeared to be the location of the proposed school, Mr LEE Cheuk-yan enquired if it was possible to identify a site in Central-Western District to reprovision the school. DS(EM) advised that as a suitable site could not be identified in the Central-Western District, the proposed school had to be reprovisioned in Eastern District. It was worth to note that the school would be the first "through train" school to be provided in Eastern District.

19. On Mr Andrew WONG's enquiry about the ownership of the original site of the school at Central-Western District, DS(EM) said that a file search of the site indicated that it was bought years ago by the sponsor of the school, the Hon Wah Educational Organization. Whether and how the site should be developed upon reprovisioning of the school would depend on the land use provisions as set out in the land lease. The project itself involved both reprovisioning and redevelopment as the proposed school would be a "through train" one which offered additional number of school places.

20. Mr Andrew WONG expressed support for the proposal. However, he was opposed to the policy on DSS schools which were allowed to accept students on a territory-wide basis, which in his view was the cause of imbalance between supply and demand of school places. He also considered it unfair that DSS schools were able to receive subsidy on a per student basis and charge a higher tuition fee at the same time.

21. Ms Audrey EU expressed regret that the deliberation of a school project had turned into a political debate. While DP Members were reiterating that its objection was based on the need to balance supply and demand of school places rather than pinpointing at any particular school sponsor, the Administration was making defamatory remarks about certain schools. As the construction of the proposed DSS school had gone through the necessary procedures and would provide an additional choice for students in Eastern District, she would support the proposal. She hoped that in future, deliberation on financial proposals, in particular those relating to education matters, should not be politicized. Ms Emily LAU said that she supported the provision of DSS schools as this would provide more choices for students. She also agreed that allocation of schools should not be politicized.

22. Mr Jasper TSANG said that he had all along been supporting the provision of DSS schools which in fact received less financial support from Government. As DSS schools were allowed to accept students on a territory-wide basis, they should not affect the supply and demand of school places within the same district. Therefore, he would support the proposed construction of the DSS school in Eastern District.

23. Mr Tommy CHEUNG said that Members of the Liberal Party were in support of the provision of DSS schools which allowed a greater degree of flexibility. He pointed out that unlike subsidized schools which were receiving subsidies based on the number of classes, DSS schools were receiving subsidies based on the number of students. To his understanding, a number of subsidized schools had been engaging extra teaching staff after conversion to DSS schools in order to enhance competitiveness.

24. Dr YEUNG Sum pointed out that DSS schools would have an edge over other subsidized schools on account of their higher degree of flexibility. They were able to choose their own students and adopt their own teaching methods and

curriculum. The debate over the provision of schools would continue if it was Government's policy to close existing schools and open new DSS schools at the same time despite a declining student population. The imbalance in supply and demand of school places would also affect the stability of the education sector. DS(EM) agreed to review the supply of school places, adding that there was a need for a balanced consideration between maintaining stability of the education sector in the provision of schools and providing sufficient choices for students in their selection of schools.

25. The Chairman put the proposal to vote. 32 members voted for the proposal, 12 members voted against it and one member abstained. The individual votes were as follows :

For :

Mr Kenneth TING Woo-shou	Mr James TIEN Pei-chun
Dr David CHU Yu-lin	Ir Dr Raymond HO Chung-tai
Dr Eric LI Ka-cheung	Dr LUI Ming-wah
Mr NG Leung-sing	Miss CHAN Yuen-han
Mr Bernard CHAN	Mr CHAN Kam-lam
Mrs Sophie LEUNG LAU Yau-fun	Mr Andrew WONG Wang-fat
Mr WONG Yung-kan	Mr Jasper TSANG Yok-sing
Mr Howard YOUNG	Mr YEUNG Yiu-chung
Mr LAU Kong-wah	Mr LAU Wong-fat
Ms Miriam LAU Kin-yee	Mr Ambrose LAU Hon-chuen
Ms Emily LAU Wai-hing	Miss CHOY So-yuk
Mr TAM Yiu-chung	Dr TANG Siu-tong
Ms LI Fung-ying	Mr Henry WU King-cheong
Mr Tommy CHEUNG Yu-yan	Mr LEUNG Fu-wah
Dr LO Wing-lok	Mr Frederick FUNG Kin-kee
Mr LAU Ping-cheung	Ms Audrey EU Yuet-mee

(32 members)

Against :

Mr Albert HO Chun-yan	Mr LEE Cheuk-yan
Mr Martin LEE Chu-ming	Mr Fred LI Wah-ming
Mr James TO Kun-sun	Mr CHEUNG Man-kwong
Mr SIN Chung-kai	Dr Hon YEUNG Sum
Mr SZETO Wah	Dr LAW Chi-kwong
Mr Michael MAK Kwok-fung	Mr WONG Sing-chi

(12 members)

Abstention:

Miss Margaret NG
(1 member)

26. The Committee approved the proposal.

Item No. 3 - FCR(2004-05)8

HEAD 706 – HIGHWAYS

Transport – Footbridges and pedestrian tunnels

152TB – Footbridge across Po Kong Village Road at the junction with Tsz Wan Shan Road

27. The Chairman advised that the project was submitted to PWSC for consideration at its meeting on 21 April 2004 during which the Administration was requested to ascertain the need for an escalator at the northern end of the proposed footbridge and to consider replacing the escalator with a widened staircase. Having reviewed the suggestion, the Administration had refined the scope of works and submitted the project under a separate item.

28. Mr Henry WU expressed appreciation that upon his request, the Administration had reviewed the need for the escalator and proposed to replace it with a staircase of four metres wide. He hoped that such efforts would continue.

29. Mr Fred LI said that at the PWSC meeting on 21 April 2004, he voted for the proposed project with the provision of escalator because an escalator would be more convenient for aged patients attending the planned polyclinic in the vicinity. However, as the plan for the polyclinic might not be materialized in the near future and Wong Tai Sin District Council (WTSDC) had supported the proposed replacement of the escalator with a widened staircase, he was prepared to support the item as proposed.

30. As the project had already provided a lift for the convenience of the aged and handicapped, Mr IP Kwok-him said that Members of the Democratic Alliance for Betterment of Hong Kong (DAB) would support the proposed replacement of the escalator with a widened staircase. Mr Kenneth TING also agreed that the provision of both a lift and an escalator was not necessary if students were the main users of the footbridge.

31. Noting that the request for the provision of an escalator to ease the pedestrian flow was initiated by WTSDC members and representatives of the School Village, Miss CHAN Yuen-han asked whether they had been consulted on the current proposal and if so, whether they had accepted it with reluctance. Miss CHAN said that she would have reservations on the proposal if there was inadequate consultation with the affected parties. Ms Emily LAU agreed that WTSDC members and representatives of the School Village should be consulted. The Chief Traffic Engineer of Transport Department (TD) said that an information paper on the current proposal was circulated to WTSDC members, representatives of the School Village and affected parties. TD had also contacted the consultees by phone and explained to them about the proposal. Feedback from the consultees indicated support for the proposal. The Principal Assistant Secretary for the Environment, Transport and Works (Transport) supplemented that since the PWSC meeting on 21 April 2004, TD had prepared a paper setting out the current proposal

and sent it to the Traffic and Transport Committee of WTSDC for comments. As the paper was not issued in time for discussion at the regular meeting of the Committee, it was subsequently circulated to the 33 WTSDC members through the WTSDC Secretariat for consideration and comments. Of these, 27 returned their replies indicating support for the proposed replacement of escalator with a widened staircase while the remaining six did not respond.

32. Ms Emily LAU questioned why the proposed replacement of the escalator with a widened staircase could manage to save only \$2 million and why the implementation programme could not be expedited as a result. The Director of Highways explained that the costs for electrical and mechanical works of the footbridge had been reduced from \$4.3 million to \$2.6 million, representing savings of \$1.7 million or 40% of the original cost, while charges to the Electrical and Mechanical Services Trading Fund had been reduced from \$0.7 million to \$0.4 million, representing a reduction of almost 50%. As it was the original intention to carry out the escalator works, the installation of lifts and finishing works for the footbridge at about the same time, the proposed replacement of the escalator with a widened staircase would not affect nor shorten the implementation programme. Nevertheless, the Administration would endeavour to further shorten the implementation programme and would set out its requirements in the tender documents.

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

Item No. 4 - FCR(2004-05)9

NEW HEAD "CIVIL ENGINEERING AND DEVELOPMENT DEPARTMENT"

HEAD 43 – CIVIL ENGINEERING DEPARTMENT

HEAD 110 – TERRITORY DEVELOPMENT DEPARTMENT

34. The Chairman informed members that the Panel on Planning, Lands and Works was consulted on the proposal at its meeting on 27 January 2004.

35. Noting the amalgamation of the Civil Engineering Department (CED) and the Territory Development Department (TDD) had only resulted in a net deletion of nine directorate posts and 57 non-directorate posts, Ms Emily LAU enquired if there was room for further deletion of posts. The Principal Assistant Secretary for the Environment, Transport and Works (Works) (PAS(ETW)(Works)) advised that the merger sought to consolidate the administrative and managerial work of CED and TDD without changing the duties, functions and workload of the two departments. Hence, savings could only be achieved from deletion of the administrative staff but not frontline staff who were engaged in the delivery of public works projects. The proposed deletion of 66 posts represented the first step in implementing the merger on 1 July 2004. There were plans to further reduce 32 posts in the second phase. The staffing establishment of the new Civil Engineering and Development

Department (CEDD) would be subject to review in two years' time taking into account operational experience. The Assistant Director of Civil Engineering added that the net deletion of nine directorate posts represented more than 14% cut of the total number of 62 directorate posts before the amalgamation. Meanwhile, the deletion of 57 non-directorate posts represented 3% of the total number of 1 800 non-directorate posts before the merger. These deletions were considered reasonable and adequate. Staff who had been made redundant as a result of the amalgamation were redeployed to other departments.

36. Ms Emily LAU questioned the need to wait for two years before conducting the review. In reply, PAS(ETW)(Works) agreed to consider reporting to members in six months' time the feasibility of further streamlining the organizational structure of the new CEDD after its establishment on 1 July 2004.

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

Item No. 5 - FCR(2004-05)10

CAPITAL WORKS RESERVE FUND

HEAD 710 – COMPUTERISATION

Immigration Department

- ◆ **New Subhead “Implementation of Phase III of the Updated Information Systems Strategy for the Immigration Department”**

38. The Chairman informed members that the Panel on Security was consulted on the proposal at its meeting on 16 March 2004.

39. In reply to Ms Emily LAU's question, the Deputy Secretary for Security confirmed that the paper setting out supplementary information on the classification, processing and retention of electronic documents requested by the Panel had been circulated vide LC Paper No. CB(2) 2334/03-04(01).

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

Item No. 6 - FCR(2004-05)11

**HEAD 145 – GOVERNMENT SECRETARIAT : ECONOMIC
DEVELOPMENT AND LABOUR BUREAU (ECONOMIC
DEVELOPMENT BRANCH)**

- ◆ **Subhead 700 General non-recurrent
Item 016 A “Hospitable Hong Kong” Campaign**

41. The Chairman informed members that the Panel on Economic Services was consulted on the proposal at its meeting on 22 March 2004.

42. While supporting the proposal in principle, Ms LI Fung-ying expressed concern about a recent incident where Mainland tourist who spent \$800 or more at the International Financial Centre (IFC) Phase II during the Labour Day Golden Week in May 2004 were offered access to the top floor of IFC to take a panoramic view of the Harbour while tourists from other countries were not entitled to the same treatment. She considered that this was at variance with the “Hospitable Hong Kong” Campaign, and that measures should be put in place to avoid similar recurrences. The Commissioner for Tourism said that the said arrangement was an initiative of the management of IFC to attract more tourist spending since the top floor of IFC was not normally open to tourists. As far as she knew, the arrangement had since been extended to all, including locals and tourists, who spent \$800 or more at the IFC mall. The Administration would continue its efforts to improve Hong Kong’s image as a tourist-friendly destination in order to further enhance tourism development in Hong Kong. Continuous efforts would be made to foster a hospitable culture in the community and maintain quality service for all tourists alike. The Service Quality Study to be carried out was aimed at enhancing the service quality in the tourism industry.

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

Item No. 7 - FCR(2004-05)12

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

HEAD 148 – GOVERNMENT SECRETARIAT : FINANCIAL SERVICES AND THE TREASURY BUREAU (FINANCIAL SERVICES BRANCH)

HEAD 152 – GOVERNMENT SECRETARIAT : COMMERCE, INDUSTRY AND TECHNOLOGY BUREAU (COMMERCE AND INDUSTRY BRANCH)

44. The Chairman informed members that the Panel on Commerce and Industry was consulted on the proposal at its meeting on 13 April 2004.

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

Item No. 8 - FCR(2004-05)13

HEAD 181 – TRADE AND INDUSTRY DEPARTMENT

- ♦ **Subhead 000 Operational expenses**
- ♦ **Subhead 700 General non-recurrent**

New item “Sixth Ministerial Conference of the WTO”

46. The Chairman informed members that the Panel on Commerce and Industry was consulted on the proposal at its meeting on 13 April 2004.

47. Mr LEE Cheuk-yan said that Members of the Hong Kong Confederation of Trade Unions were opposed to the proposal. He questioned whether it was justified to spend \$256 million to host the Sixth Ministerial Conference (MC6) of the World Trade Organization (WTO) amid the huge budget deficit. Furthermore, WTO, being an advocate of globalization, had been subject to international condemnation. Its Ministerial Conferences had often attracted protestors from all over the world, as evidenced during MC5 held in Cancun, Mexico in 2003. He failed to see why Hong Kong should get involved in this political wrangle and bear the political consequences. He believed that the hosting of MC6 would do more harm than good to Hong Kong despite the Administration's assertion that this would raise Hong Kong's international profile. The expenditure of \$256 million would only bring in brief media coverage and few would remember where MC6 was held after a lapse of time.

48. The Permanent Secretary for Commerce and Industry (PSCI) said that the Administration had secured the in-principle support from the Finance Committee (FC) in July 2003 to host MC6. The Administration was now seeking funding to meet the expenditure associated with the preparation and implementation of MC6 after a more reliable estimate had been worked out with the WTO Secretariat. The economic benefits of hosting MC6 were set out in the submission to FC in July 2003. Hong Kong had been a member of WTO in its own right since 1986 and had remained a full and separate member even after the accession of China to WTO in 2001. The WTO Agreement provided that a MC should be held at least once every two years. MC was the highest decision-making body of WTO on all matters relating to multilateral trade agreements. As a staunch supporter of the multilateral trading system, Hong Kong ought to maintain a high profile in WTO which was the only international body dealing with the rules of trade between economies. The hosting of MC6 would reinforce Hong Kong's image and profile as bastion of free trade. Besides, the event was expected to bring about over 10 000 incoming visitors. Assuming that they would stay throughout the week-long conference, this would contribute significantly to the economy of Hong Kong. The Administration was aware of the anti-globalization protests that had taken place in Cancun during MC5, but was confident that the Hong Kong Police would be able to handle the situation having regard to its previous experience in dealing with international events. She did not agree with Mr LEE Cheuk-yan that WTO had been subject to international condemnation. Many countries attached great importance to WTO and were hoping for further progress in the Doha Round of trade negotiations. In fact, the Secretary for Commerce, Industry and Technology was now attending a trade conference in Paris which was aimed at narrowing the difference of trade partners with a view to expediting the progress of trade negotiations.

49. Mr LEE Cheuk-yan stressed that WTO was basically dominated by developed countries which were keen to pursue their own interest through exploitation of the Third World. WTO had also been criticized by human rights activists, environmentalists and labour unions for undermining the sustainability of developments under the guise of free trade. PSCI responded that at present, WTO had 148 members and all of them had equal status. There was no question of

exploitation of developing countries by major economies because multilateral agreements were concluded with the consensus of all participating members.

50. Ms Emily LAU noticed that there was a huge difference between the indicative financial implications of \$300 million set out in the paper submitted in July 2003 and the cost estimate of \$256 million provided in the present submission. She found that no information was provided in the paper to explain the difference in the costs of many items, e.g. the security provision was revised from \$30 million to \$16 million, while provision for interpretation was increased from \$10 million to \$34 million. PSCI explained that when the in-principle support was sought from FC in July 2003, the more reliable information on the cost for hosting WTO MCs was not available. The indicative cost for hosting MC6 was therefore worked out with heavy reliance on the actual expenditure for hosting the International Monetary Fund/World Bank (IMF/WB) Meetings by Hong Kong in 1997. Ball park figures had to be provided as it would be irresponsible on the part of the Administration not to provide an indicative cost estimate when seeking in-principle support for hosting the event. Now that the Administration had worked out with the WTO Secretariat on vary of the details of requirements for hosting MC6, and that the cost for hosting MC5 in Cancun in 2003 was made available, a more accurate estimate could be provided. She assured members that the Administration had no intention to over-estimate the cost for hosting the event. In fact, the actual total expenditure for hosting the IMF/WB Meeting in 1997 was around \$370 million (compared with the estimate of \$450 million) after discounting the sponsorship of \$72 million of which \$46 million were cash sponsorship from banking and financial institutions.

51. Ms Emily LAU further enquired if the cost discrepancy was also attributed to the number of participants given that the provisions for security and staffing establishment had been reduced from \$30 million to \$16 million and \$45 million to \$31 million respectively. PSCI explained that while the projected number of participants by WTO Secretariat had been increased from 8 000 to 11 000, this was not the main cause for the discrepancy. The main cause for the revised figures was the availability of more reliable basis for estimation following discussions with the WTO Secretariat in recent months. The original estimate for staffing requirement for example, had regard to the IMF/WB Meeting in 1997 when 200 additional staff were employed for some 12 months before the event. The revised estimate assured that a 45-member Co-ordination Office would be set up for the planning and preparation of MC6 on a full-time basis. The Administration would employ additional staff on a short-term basis prior to the opening of MC6. This accounted for the drastic reduction in staff cost from \$45 million to \$31 million. The same applied for the provisions for security. PSCI added that, in an attempt to save costs, the Administration would endeavour to secure commercial sponsorship which might be in the form of cash, air tickets, equipment, stationery and transport etc, but the amount of commercial sponsorship for MC6 could not be estimated at this stage.

52. Noting that the estimated costs for security provisions would amount to \$16 million, Mr LEE Cheuk-yan asked if this had included the services to be

provided by the Hong Kong Police Force and other disciplined forces in maintaining law and order. The Director-General of Trade and Industry answered in the negative, adding that it was the responsibility of the Hong Kong Police Force to maintain law and order for all events. Nevertheless, close liaison with other disciplined forces would be maintained to ascertain whether additional services were required for MC6, but the cost incurred would not form part of the estimate of \$16 million. The Deputy Director-General of Trade and Industry (DDG of TI) added that the costs for security provisions were mainly for the installation of security and access control equipment such as X-ray machines. Responding to the Chairman on whether consideration would be given to hiring the equipment, DDG of TI said that the Administration would decide on the hiring and purchasing of equipment based on operational needs.

53. Mr CHAN Kam-lam said that DAB Members were supportive of the proposal because the hosting of the event would demonstrate Hong Kong's commitment and contribution to free trade. It would raise Hong Kong's profile as an international business and financial centre and provide a platform for exchange between trading partners. Apart from publicity, the hosting of MC6 also provided an opportunity to showcase the economic and trade policy of Hong Kong after the return of sovereignty. He nevertheless stressed the need for Hong Kong, as the host, to organize the event in a dignified manner while optimizing the use of resources to ensure that the event would be successfully held in Hong Kong.

54. Mr Andrew WONG said that he would support the proposal as it was a responsibility as well as an honour for Hong Kong, being a full and separate member of WTO, to host MC6. He reminded the Administration to be cautious in securing commercial sponsorships, adding that where feasible, all major expenses incurred should be absorbed by the Government.

55. To ensure that Hong Kong's image as a supporter of freedom and human rights would not be tarnished, Mr LEE Cheuk-yan considered it necessary for the Administration to undertake not to impose any measure or introduce any restrictions to prevent certain categories of persons from entering Hong Kong during MC6. PSCI said that she failed to see why freedom and human rights should be affected in any way by the hosting of the event. There were established policies and guidelines dealing with entry of visitors and demonstrations and these would apply during MC6. Mr LEE Cheuk-yan said that he wished to put on record his concern about the grey areas in the established policies and guidelines as well as the state of affairs in Hong Kong during MC6.

56. The Chairman put the item to vote. 27 members voted for the proposal and three members voted against it. The individual votes were as follows :

For :

Mr Kenneth TING Woo-shou

Ms Cyd HO Sau-lan

Mr NG Leung-sing

Dr David CHU Yu-lin

Mr Fred LI Wah-ming

Mr James TO Kun-sun

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Mr CHEUNG Man-kwong
Mrs Sophie LEUNG LAU Yau-fun
Mr Andrew WONG Wang-fat
Mr Howard YOUNG
Ms Miriam LAU Kin-yee
Ms Emily LAU Wai-hing
Mr SZETO Wah
Mr TAM Yiu-chung
Ms LI Fung-ying
Dr LO Wing-lok
Ms Audrey EU Yuet-mee
(27 members)

Mr CHAN Kam-lam
Mr SIN Chung-kai
Mr WONG Yung-kan
Mr YEUNG Yiu-chung
Mr Ambrose LAU Hon-chuen
Miss CHOY So-yuk
Dr LAW Chi-kwong
Dr TANG Siu-tong
Mr LEUNG Fu-wah
Mr IP Kwok-him

Against :

Mr LEE Cheuk-yan
Mr Michael MAK Kwok-fung
(3 members)

Mr LEUNG Yiu-chung

57. The Committee approved the proposal.
58. The meeting was adjourned at 4:40 pm.

Legislative Council Secretariat
14 July 2004