

**立法會**  
**Legislative Council**

LC Paper No. FC100/05-06  
(These minutes have been seen  
by the Administration)

Ref : CB1/F/1/2

**Finance Committee of the Legislative Council**

**Minutes of the 8th meeting**  
**held at the Legislative Council Chamber**  
**on Friday, 24 March 2006, at 2:30 pm**

**Members present:**

Hon Emily LAU Wai-hing, JP (Chairman)  
Hon CHAN Kam-lam, SBS, JP (Deputy Chairman)  
Hon James TIEN Pei-chun, GBS, JP  
Ir Dr Hon Raymond HO Chung-tai, S.B.St.J., JP  
Hon LEE Cheuk-yan  
Hon Fred LI Wah-ming, JP  
Dr Hon LUI Ming-wah, SBS, JP  
Hon Margaret NG  
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP  
Hon James TO Kun-sun  
Hon CHEUNG Man-kwong  
Hon CHAN Yuen-han, JP  
Hon Bernard CHAN, JP  
Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP  
Hon LEUNG Yiu-chung  
Hon SIN Chung-kai, JP  
Dr Hon Philip WONG Yu-hong, GBS  
Hon WONG Yung-kan, JP  
Hon Jasper TSANG Yok-sing, GBS, JP  
Hon Howard YOUNG, SBS, JP  
Dr Hon YEUNG Sum  
Hon LAU Kong-wah, JP  
Hon LAU Wong-fat, GBM, GBS, JP  
Hon Miriam LAU Kin-ye, GBS, JP  
Hon CHOY So-yuk, JP  
Hon Timothy FOK Tsun-ting, GBS, JP  
Hon TAM Yiu-chung, GBS, JP  
Hon Abraham SHEK Lai-him, JP  
Hon LI Fung-ying, BBS, JP  
Hon Tommy CHEUNG Yu-yan, JP  
Hon Albert CHAN Wai-yip

Hon Frederick FUNG Kin-kee, JP  
Hon Audrey EU Yuet-mee, SC, JP  
Hon Vincent FANG Kang, JP  
Hon WONG Kwok-hing, MH  
Hon LEE Wing-tat  
Hon LI Kwok-ying, MH  
Dr Hon Joseph LEE Kok-long  
Hon Daniel LAM Wai-keung, BBS, JP  
Hon Jeffrey LAM Kin-fung, SBS, JP  
Hon MA Lik, GBS, JP  
Hon Andrew LEUNG Kwan-yuen, SBS, JP  
Hon Alan LEONG Kah-kit, SC  
Hon LEUNG Kwok-hung  
Dr Hon KWOK Ka-ki  
Dr Hon Fernando CHEUNG Chiu-hung  
Hon CHEUNG Hok-ming, SBS, JP  
Hon WONG Ting-kwong, BBS  
Hon Ronny TONG Ka-wah, SC  
Hon Patrick LAU Sau-shing, SBS, JP  
Hon Albert Jinghan CHENG  
Hon KWONG Chi-kin  
Hon TAM Heung-man

**Members absent:**

Hon Albert HO Chun-yan  
Hon Martin LEE Chu-ming, SC, JP  
Dr Hon David LI Kwok-po, GBS, JP  
Hon LAU Chin-shek, JP  
Hon Andrew CHENG Kar-foo  
Hon CHIM Pui-chung

**Public officers attending:**

Mr Frederick MA Si-hang, JP	Secretary for Financial Services and the Treasury
Miss Elizabeth TSE, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Miss Amy TSE, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)3
Mr Alfred FOK	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Mr Thomas TSO, JP	Deputy Secretary for Home Affairs
Mr YUE Chi-hang, JP	Director of Architectural Services

Mr Wilson LEE	Project Director of Architectural Services Department
Mr Alan SIU, JP	Deputy Director of Leisure and Cultural Services (Leisure Services)
Mr Eddy YAU, JP	Assistant Director of Leisure and Cultural Services (Leisure Services)
Mr Edward YAU, JP	Deputy Secretary for Education and Manpower
Miss Charmaine LEE	Principal Assistant Secretary for Education and Manpower (Higher Education)
Mr Lawrence KWAN	Project Co-ordinator (Higher Education) of Education and Manpower Bureau

**Clerk in attendance:**

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

**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)1
Mr Frankie WOO	Legislative Assistant (1)2

Action

---

**Item No. 1 - FCR(2005-06)47**

**RECOMMENDATIONS OF THE PUBLIC WORKS SUBCOMMITTEE MADE ON 15 FEBRUARY 2006**

The Chairman put FCR(2005-06)47 except PWSC(2005-06)53 to the vote. The Committee approved the proposal.

**PWSC(2005-06)53     242RS   Tseung Kwan O Sports Ground**

The design-and-build approach

2. Miss TAM Heung-man referred to the increase in the approved project estimate (APE) for the project from \$293.1 million by \$59.2 million to \$352.3 million. She considered it a significant increase and asked if the increase was attributable to the use of the design-and-build (DB) approach adopted for the contract, under which tenderers were free to propose their own design options without any obligation to keep the tender price with APE. Expressing similar concern on the huge increase of 20% of the original APE, Mr Ronny TONG asked how far the Government could obtain the tender prices before seeking funding approval from the Finance Committee (FC). Dr KWOK Ka-ki also questioned the propriety of the DB approach as FC would not have any control on the design and hence no control over the funding for DB projects.

3. In response, the Director of Architectural Services (D Arch S) clarified that in this case the Administration could not proceed with the tendering exercise without obtaining the necessary funding approval from FC. He added that the DB approach had been successfully implemented in a number of public works projects with standard requirements, such as offices and quarters, where specifications were clear and little innovation was involved. The proposed Tseung Kwan O Sports Ground (TKOSG) was the first ever sports ground project which the Administration had adopted the DB approach. The increase in APE was the result of a number of factors. Apart from the higher costs for the more innovative design in the recommended tender, there was an underestimation in the original budget on overhead costs, such as insurance. He agreed that the chances of deviation from APE were higher in the case of DB projects as the design of non-DB projects was drawn up by the Government and set out in the tender. He nevertheless assured members that the Administration would be more cautious in its cost estimation in future

4. Miss TAM Heung-man enquired whether it was possible to use APE as the ceiling for any tender exercises. D Arch S said that while consideration was being given to setting a ceiling on project costs in future, the use of APE as the ceiling for the present project was not viable as this would require re-tendering of the project, which would take at least four to five months to complete. This would affect the timely delivery of the sports ground for holding athletic events of the East Asian Games in 2009 (the 2009 EAG).

5. Mr Ronny TONG opined that the imposition of a ceiling on the APE of DB projects could not solve the problem, particularly if the design had to exceed the ceiling in order to meet the stipulated requirements. He considered it necessary that the adoption of DB approach for a project with scope for innovative design should be reviewed. D Arch S said that there were merits in adopting the DB approach as it could tap into the private sector's expertise and innovative ideas and would allow more choices. The conventional approach of specifying the design before tendering would take a much longer time for completion. With the benefit of hindsight, DB projects could have been more successfully implemented if a ceiling was imposed based on APE. In this way, the tenderers would be able to design the project within budget.

6. Dr Fernando CHEUNG said that he would support the provision of TKOSG to meet the need for recreational facilities by the growing population in Tseung Kwan O (TKO) and the neighbouring schools. However, he could not accept the Administration's justifications for the 20% increase in APE, which was said to be attributable to the freedom in design under the DB approach. He queried the need for the increase of \$59.2 million and why a ceiling was not imposed in the first place. He also urged that a review of the controversial DB approach should be conducted with a view to improving the transparency of the working mechanism. D Arch S said that the Architectural Services Department (ASD) had embarked on over 10 DB projects in the past. All of these were successful and within budget. TKOSG was the first ever sports ground project using the DB approach and it was accepted that more freedom in design was needed for sports facilities. Owing to insufficient

supporting cost data in working out the estimates, there had been an underestimation in the original budget. As regards the proposed review of the DB approach, D Arch S said that an open forum was held in February 2006 to receive views from the construction industry on the approach and improvements would be made taking into account the views collected.

7. Mr Tommy CHEUNG recalled that the propriety of the DB approach had been discussed at length by the Panel on Home Affairs (HA Panel). While some members considered that the design of DB projects should be submitted for their approval, others held the view that the design should not be constrained by APE. He said that Members of the Liberal Party were in support of the proposed increase in APE for the project but considered it necessary for Home Affairs Bureau and ASD to review the DB approach for leisure and recreational facilities to avoid recurrence of similar problems in future. D Arch S said that under the existing tendering policy on DB projects, the design of the recommended tender could only be made public after the tender. Discussion would be held with the policy bureaux to see at which stage the design of the recommended tender could be made available to members. The Administration would revert to members after a set of guidelines on the implementation of DB projects had been worked out taking into account views gathered at the open forum. Mr Tommy CHEUNG opined that the Administration should make reference to the discussion of the HA Panel on the subject. Consideration could also be given to holding a closed meeting to present the design of the recommended tender so that members could give their views on the design before the successful tenderer proceeded with the construction works.

8. Ir Dr Raymond HO expressed support for the proposed increase in APE for TKOSG. He said that deviations from APE were not uncommon and had occurred in many public works projects using the conventional engineer/architect approach. These deviations could result from overestimation or underestimation on construction costs due to market fluctuations. There were advantages in adopting the DB approach as the tenders would provide a number of choices varying from four to six. It was also more efficient and could help tap the expertise and innovation of the private sector. He noted that while the DB approach had been in use for many years in overseas countries, this was not very common in Hong Kong. He opined that if more information on the DB approach were provided, the controversy over the proposed increase in APE would not arise. The Secretary for Financial Services and the Treasury thanked members for their views and agreed to review the DB approach and report to the relevant Panels.

9. Given the difficulties associated with the DB approach where prior funding approval had to be sought before tendering and subsequent approval might have to be sought again for any increase in APE, Ms Margaret NG opined that the Administration should think of a way to prevent future recurrence of problems of a similar nature. In this connection, she requested the Administration to provide an information paper on how the problems associated with DB projects could be resolved, and separate flowcharts setting out the different steps involved in taking forward standard DB projects, such as offices and hostels, and non-standard DB projects, such as leisure

and recreational facilities, for reference by the Public Works Subcommittee (PWSC) and FC. D Arch S said that ASD would need to work out with the policy bureaux on how best the DB approach should be taken forward and to work out the flowcharts as requested by members. The Chairman said that the matter should be followed up by the relevant Panels and it would be useful if some background information on the DB approach should be prepared to facilitate discussion. She suggested that all Members should be invited to attend. The outcome of discussion and the flowcharts should be made available to PWSC and FC. She asked ASD to act as a coordinator in this respect.

10. Mr WONG Kwok-hing said that the former Municipal Councils had no problems in the delivery of leisure and recreational facilities and he failed to see why problems would occur now. The Government should learn from the present experience and re-design the flowcharts for DB projects. Mr Albert CHAN noted that the DB approach had been adopted in 10 core public projects, including the construction of Tsing Ma Bridge (TMB), and recalled that funding for TMB was sought after tendering and not vice versa as in the present case. As such, opportunity should also be taken to review the tendering process under the DB approach. The Chairman said that reference to the tendering of TMB should be made when the subject of DB approach was followed up by the relevant Panels.

#### The design of TKOSG

11. Mr Albert CHAN said that he had requested separate voting on the proposed project because he had doubts on the need for the increase in APE. There were rumours that the increase was due to higher requirements for the facilities in TKOSG as requested by certain groups which were expected to use the facilities frequently in future, Mr CHAN remarked that these groups had been heavily subsidized by the Government, but they were not operating in a transparent manner and had done little for the development of sports in Hong Kong.

12. The Deputy Secretary for Home Affairs (DS(HA)) clarified that the facilities of TKOSG were designed in accordance with standard requirements for holding international athletic events and were not lavish by any standards. The increase in APE was meant to rationalize the design of the sports ground to make it more effective for use. By way of illustration, the entrance was enlarged to provide for a paved plaza with a fully openable boundary fence wall which would allow for a more effective means to discharge mass crowds within a short time. Besides, there was a need for a world class sports ground to hold international track and field events because at present there was no such venue in Hong Kong. The proposed project could also be constructed in time for use by the 2009 EAG. He added that the Government was in full support of the development of community and elite sports.

13. The Deputy Director of Leisure and Cultural Services (Leisure Services) (DDLCS) said that the Government, the Sports Federation and Olympic Committee of Hong Kong, China, together with the EAG Company would enter into a tripartite agreement on the delivery of the 2009 EAG. Stringent financial control measures

would be set out clearly in the agreement to ensure that the funds approved by FC would be used in a cost-effective and accountable manner. The EAG Company would be required to keep proper records and accounts for the event and the Government would have unfettered access to these records.

14. Mr WONG Kwok-hing enquired whether TKOSG was meant to be used as the official venue for hosting international events and if so, it might duplicate with the multipurpose stadium to be provided in South East Kowloon (SEK). DDLCS said that TKOSG would be developed as a world-class sports ground for track and field events. International track and field events were not held in Hong Kong in the past due to the lack of facilities that could meet the International Association of Athletics Federations (IAAF) standards. In consultation with the Hong Kong Amateur Athletic Association, TKOSG was designed in conformity with the IAAF standards to enable the hosting of international track and field events in Hong Kong. He added that while the SEK multipurpose stadium would provide for a wide range of sports facilities, it would not be dedicated to track and field events. DS(HA) supplemented that the SEK stadium, which would be designed as a multipurpose sports complex providing for bowling alleys, football and basketball courts as well as swimming pools etc, was still at its planning stage. It was intended that TKOSG and the SEK multipurpose stadium would complement rather than duplicate each other in the provision of sports facilities.

15. Miss CHOY So-yuk said that the proposed construction of TKOSG had members' support when this was first approved by FC in February 2005. The need to increase APE was adequately explained at the meetings of PWSC and the HA Panel. Members of the Democratic Alliance for the Betterment and Progress of Hong Kong considered the Administration's explanation acceptable on grounds that the design of the recommended tender was more innovative than the conceptual layout, and that the revised project cost was comparable to similar projects in overseas countries. TKOSG would provide the needed venue for the hosting of international sports events. The controversy over the proposed project would have been avoided had adequate consultation been made. In delivering TKOSG, consideration should also be given to adopting environmentally friendly practices, including energy efficiency measures, such as green rooftops, as well as waste reduction and recycling. D Arch S said that ASD had won a number of environmental awards for its construction works and it would continue its environmental practices in the delivery of TKOSG project.

16. Dr KWOK Ka-ki enquired if the cost of the design submitted by the qualified tenderers had all exceeded the original APE. He opined that it would be unfair to other tenderers if an increase in APE was allowed after the tendering exercise. He asked if it was possible to re-tender the project with a ceiling on APE to ensure that it could be completed within budget. D Arch S explained the tendering exercise for the project. He said that ASD had received returns from three pre-qualified tenders and all the tender returns had exceeded the original APE. The recommended tender was the one with the highest technical score and the lowest bidding price. The design of the recommended tender had met the stipulated requirements for the holding of international events like EAG and was not considered lavish by any

standards. There would not be any unfairness in increasing APE after the tender exercise. Besides, ASD had reviewed the tender requirements and concluded that there was underestimation in the original budget. The option of re-tendering the project would delay the project commencement by at least four to five months. Furthermore, there was no guarantee that the tender price would be lowered if the project was re-tendered. ASD would learn from the present experience and take steps to improve the tendering of DB projects in future.

#### Cost comparison between TKOSG and other sports facilities

17. Dr Fernando CHEUNG enquired about the cost comparison between TKOSG and similar projects. DDLCS said that while the total construction cost of TKOSG was higher than that of the Siu Sai Wan Sports Ground, their unit costs were similar. The revised unit cost of TKOSG was not high as compared to similar sports grounds in Japan and European countries. The provision of a similar sports ground in the Mainland would indeed be less expensive given the lower labour and overhead costs.

18. Mr LEUNG Kwok-hung said that he found it hard to accept the proposed increase in APE after funding approval was made and tendering was completed. He opined that the Administration had been misleading the public about the usage of TKOSG. He pointed out that the provision of TKOSG was primarily intended for hosting the 2009 EAG and its purpose of serving the local community was only secondary. If TKOSG was meant for community use, it needed not to be equipped with such sophisticated sports facilities. Mr LEUNG said that he would not support the proposal unless the Administration was prepared to reduce the construction cost by scaling down the scope of the project. D Arch S said that the revised APE for TKOSG had reflected the actual cost for the provision of a world-class sports ground capable of hosting international sports events. There was no room for the further reduction in APE and besides, the unit cost for TKOSG was comparable to other sports facilities in Hong Kong.

#### Policy on the provision of leisure and recreational facilities in new towns

19. Mr Albert CHAN expressed strong dissatisfaction over the Administration's decision to give priority to TKOSG for the purpose of hosting the 2009 EAG at the expense of sacrificing the needs of the new town residents for leisure and recreational facilities, such as the Tin Shui Wai Central Library and the swimming pool and sports ground at Tung Chung. He therefore would object to the proposal. DS(HA) explained that leisure and recreational facilities in new towns were provided in accordance with the established planning procedures and would not be affected by TKOSG. There was strong support from the local community for the provision of TKOSG. DDLCS supplemented that there were altogether seven leisure and sports facilities which had been planned for construction in Tung Chung and Tin Shui Wai and their delivery would not be affected by TKOSG.

20. Mr Albert CHAN said that since all public works projects were to compete for priorities for public funding, the early provision of TKOSG would inevitably have impact on the delivery of other leisure and recreational facilities. He said that TKOSG alone had already cost \$300 million. While there would be an annual provision of \$1 billion for leisure and recreational facilities from 2006 to 2010, TKOSG on its own had taken up quite a significant portion of this annual provision. The Chairman advised that enquiries on the progress of delivery of leisure and recreational facilities at Tung Chung and Tin Shui Wai could be raised at the next meeting of the Subcommittee to Follow Up the Outstanding Leisure and Cultural Services Projects of the Former Municipal Councils scheduled for 30 March 2006.

21. Mr Ronny TONG said that it would appear that the Government was more inclined to develop sports facilities for staging prestigious sports events rather than providing services which were of a more pressing need to the community. He said that the growth in population at TKO had necessitated the provision of full hospital facilities. However, funding for the extension of TKO Hospital and the Haven of Hope Hospital was still awaited. While there was general support in the districts for TKOSG, Dr KWOK Ka-ki questioned the need for investing in lavish sports facilities for the hosting of 2009 EAG. He opined that resources should more justifiably be spent on services with more pressing needs, such as those relating to education and welfare.

22. Mr Daniel LAM said that he was satisfied with the Administration's explanation on the need to increase the APE for TKOSG. He was aware of the district support for TKOSG and hoped that the provisions for the project would not have adverse impact on the provisions for leisure and recreational facilities in other districts. DS(HA) assured members that the provisions for TKOSG would not affect the provisions of facilities in other districts.

23. Mr CHEUNG Man-kwong requested to state for the record that Members of the Democratic Party would abstain from voting on the proposal.

24. The Chairman put FCR(2005-06)53 to the vote. The Committee approved the proposal.

## **Item No. 2 - FCR(2005-06)48**

### **LOAN FUND**

#### **HEAD 252 – LOANS TO SCHOOLS/TEACHERS**

##### **◆ Subhead 106 Start-up loan for post-secondary education providers**

25. Dr YEUNG Sum said that he supported the proposal as the start-up loan would provide financial assistance to the Hang Seng School of Commerce (HSSC) and the Chinese University of Hong Kong (CUHK) in the provision of accredited post-secondary programmes. He also appreciated the Administration's effort in achieving the Chief Executive's pledge in the 2000 Policy Address that 60% of senior secondary school leavers should have access to tertiary education nearly five years

ahead of the scheduled time. While welcoming the intention to further increase the said percentage to 80%, Dr YEUNG was concerned about the quality of sub-degree education in terms of curriculum, teachers' qualifications and campus facilities. He noted that some of the tertiary institutions had been making use of the resources under the self-financing sub-degree programmes to increase places. The situation was expected to be worsened if the said percentage was increased to 80%. Given the limited financial assistance for sub-degree students, they would need to pay for their courses, except those subsidized market-oriented courses such as logistics. Many sub-degree students had to apply for loans to continue their studies, but were not assured of the acceptance of sub-degrees in the job market. They also had very limited articulation opportunities to pursue degree courses. To this end, Dr YEUNG urged the Administration to improve the quality of post-secondary education and increase the articulation opportunities for sub-degree students with grade point average of three or above.

26. The Deputy Secretary for Education and Manpower (DS(EM)) said that the Education and Manpower Bureau (EMB) had initiated a review of the development of the post-secondary education sector. Discussions on the subject with the Panel on Education would be held on 27 March 2006 with a view to exchanging ideas with Panel members on various issues, including improvements to the quality of education, articulation arrangements with universities, financial assistance to students etc. He also clarified that the target of providing access to tertiary education to 80% of senior secondary school leavers within 10 years had yet to be discussed pending public views on the way forward on the development of the post-secondary education sector. Dr YEUNG Sum pointed out that EMB should place more emphasis on the quality of education rather than the quantity of students enrolling in post-secondary programmes.

27. Mr CHEUNG Man-kwong declared interest as a member of the Board of Directors of CUHK. He noted with concern the over-supply of post-secondary education places. By way of illustration, the total number of students taking the Hong Kong Advanced Level Examination (the "A" Level Examination) was only 34 000, including those who failed the examination and those who left Hong Kong to pursue education overseas, but the number of post-secondary education places in 2004 and 2005 were 42 000 and 49 000 respectively. The over-supply situation would be further intensified with the decline in student population in the years to come. With the provision of the 10-year start-up loans, the recipient institutions would need to have sufficient students enrolled in their post-secondary programmes in order to repay their loans. Under such circumstances, these institutions might have to lower their admission standards with a view to attracting more students, or else they would have to increase the tuition fees so that part of the fees could be used for loan repayment. This would no doubt have impact on the quality of education as non-qualified students would have to be admitted to fill the places. Mr CHEUNG said that while he had reservation on the proposed provision of start-up loans, it would not be fair to reject the applications submitted by HSSC and CUHK which had met the eligibility criteria and were made in time within the application deadline. He only wished to ask how Administration could resolve the problems.

28. DS(EM) explained that the pledge for providing access to tertiary education to 60% of senior secondary school leavers within 10 years was not limited to Secondary 7 students alone but applied to all senior secondary school leavers, including those who had completed Secondary 5. He also clarified that post-secondary education places were also open to mature students. DS(EM) also explained the scope of the start-up loan scheme. For instance, HSSC would use the loan for constructing a purpose-built building within the existing campus to accommodate its students, whereas CUHK would use the loans to provide accommodation on rented premises for students attending the Higher Diploma programmes under its School of Continuing and Professional Studies.

29. Mr CHEUNG Man-kwong remained concerned about the apparent mismatch in supply and demand of post-secondary education places and its adverse impact on the quality of education. He considered it necessary that the number of post-secondary education places should be capped as otherwise the quality of education would be compromised. He held the view that the current funding proposals were put to FC for approval prior to the discussion by the Education Panel on 27 March 2006 only because the Administration was concerned that FC would not support these proposals after knowing the findings of the review of the development of the post-secondary education sector.

30. DS(EM) said that the provision of post-secondary programmes aimed to open up an alternative progression pathway for secondary school leavers. The admission figures for post-secondary programmes for the past five years indicated that the supply of post-secondary education places was able to meet the demand. The Start-up Loan Scheme was part of a package of measures to facilitate a progressive expansion in self-financing post-secondary programmes. The applications for the start-up loans by HSSC and CUHK were made in accordance with the established procedures and subject to the approval of FC. As regards the review of the development of the post-secondary education sector, he said that the Administration would present its findings of the review to the Education Panel at its meeting on 27 March 2006. Taking into account the recommendations of the review, the Administration would map out the way forward before launching the next Start-up Loan application exercise, and report the matter to FC if necessary.

31. Dr Fernando CHEUNG pointed out that as tertiary institutions continued to provide self-financing programmes, post-secondary education places might increase indiscriminately. He referred to the present proposal which would further increase the number of post-secondary education places by 880. However, he did not see a corresponding increase in the availability of articulation places for sub-degree graduates. Out of some 20 000 post-secondary education places, only 1 600 to 1 700 articulation places were available. Given that post-secondary students would need to finance their own studies if they intended to enroll in the courses offered by the institutions, which had the autonomy to adjust the tuition fees on a self-financing basis, he enquired if there was any control on the fee increases as well as the number of post-secondary education places.

32. DS(EM) said that the Government had put in place a package of support measures which included interest-free loans and land grants to facilitate post-secondary education providers in the provision of accredited post-secondary programmes on a self-financing basis. The proposed provision of start-up loans was not meant to increase the number of post-secondary education places, but to provide for an improved learning experience for the benefit of students. The increase in the number of education places as a result of the proposed loans was not significant. He said that, where resources permitted, more publicly-funded articulation places would be provided and institutions would be encouraged to develop credit transfer mechanisms to facilitate articulation. However, he noted that not all sub-degree students would aim for articulation places as some of them would prefer professional courses which would facilitate them in entering the job market. To assist students to pursue post-secondary programmes, further improvements would be proposed to the Financial Assistance Scheme for Post-secondary Students and these would be further elaborated at the forthcoming meeting of the Education Panel.

33. Mr Albert CHAN was concerned whether the financial provisions for tertiary institutions were well spent. By way of illustration, it was reported by the media that the 44 computers bought under Government funding for students had been used by the staff of HSSC. As FC would need to be assured that the start-up loans would be used for the intended purposes, a monitoring mechanism should be put in place to prevent possible abuse. DS(EM) said that the proposed start-up loans were intended to provide funding for campus development for HSSC and CUHK and would need to be repaid by equal installments within 10 years from the date of final drawdown. The Administration would monitor the progress of the projects. The Project Coordinator (Higher Education) of Education and Manpower Bureau said that the recipient institutions would need to provide the construction plans for the extended campus to ensure that the loans would be used for the intended purpose of providing accommodation for students. Loan agreements would be signed between the Administration and the recipient institutions and visits would be made to the construction site to monitor the progress of works.

34. Noting that the short-term loan of \$22.75 million for CUHK was meant to provide accommodation on rented premises for students of the School of Continuing and Professional Studies for a period of two years, Miss TAM Heung-man enquired about the financial arrangements after the two-year period. DS(EM) advised that it was for individual institutions to decide what accommodation arrangement was most suitable for their own purposes. An institution could choose to apply for a larger loan to construct a purpose-built building as in the case of HSSC or a smaller loan for renting premises as in the case of CUHK. Regarding Miss TAM's question on the effect of the proposed loans on the self-financing programmes, DS(EM) advised that the institutions had the autonomy to determine and adjust the tuition fees for these programmes.

35. Mrs Selina CHOW said that Members of the Liberal Party supported the proposed provision of loans for post-secondary education providers to provide sub-degree programmes which would give post-secondary students the choice for

further education. She however noted that while the Administration's paper had confirmed the good track record of CUHK in running post-secondary programmes, no such reference had been made to that of HSSC. She stressed the need for quality assurance on the post-secondary programmes to ensure that students would benefit from these programmes. Hence, there should be proper tracking of the performance of post-secondary education providers. Publicity should also be stepped up to promote recognition of sub-degrees as exit qualifications. DS(EM) affirmed that the Government attached great importance to quality assurance in the provision of post-secondary programmes. He assured that both CUHK and HSSC were providing accredited post-secondary programmes. In this regard, HSSC had been providing courses relating to business and finance which were well received by students. To promote local sub-degree qualifications among employers, tracking surveys would be conducted to gauge the opinions of employers on the performance of self-financing sub-degree graduates. A number of professional bodies had already recognized Associate Degree and Higher Diploma qualifications for the purpose of granting exemptions from parts of their professional examinations. With the robust development of the post-secondary education sector since 2000, the Administration had taken stock of the developments, and would map out future plans. Views from all sectors of the community on the way forward would be welcomed.

36. Before concluding the discussion, Mr CHEUNG Man-kwong said that as a member returned from the education constituency, he would welcome increased education opportunities for students. He nevertheless reiterated his concerns about the over-supply of post-secondary education places which had far exceeded the demand of Secondary 5 and 7 students. Such an over-supply would result in unhealthy competition and deterioration in programme quality. The mismatch in supply and demand would be further intensified with the provision of the 10-year start-up loans as recipient institutions would need to enroll more students for their self-financing programmes in order to repay their loans. Instead of using the tuition fees for teaching purposes, part of the fees might have to be used to pay off their loans. To this end, consideration should be given to imposing a ceiling on the percentage of tuition fees to be used for loan repayment to ensure that a major part of the tuition fees would be used for teaching purposes. DS(EM) said that since the introduction of the Start-up Loan Scheme, FC had approved 18 loan applications from 11 institutions. The current applications from HSSC and CUHK were made under the twelfth Start-up Loan application exercise launched on 15 August 2005. As the institutions were operating on a self-financing basis, it would be inappropriate for the Government to interfere with the tuition fees charged by the institutions. Mr CHEUNG said that the pressure on the institutions to repay the loans would be relieved to a large extent if the loan repayment period was extended to 20 years. DS(EM) took note of Mr CHEUNG's views and pointed out that relevant issues would be further discussed at the forthcoming meeting of the Education Panel.

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

**Item No. 3 - FCR(2005-06)49**

**Discussion paper on the working relationship between the Finance Committee and its subcommittees and on the attendance of public officers at meetings**

38. The Chairman said that this item invited members' views on the working relationship between FC and its subcommittees and on the attendance of public officers at meetings. She said that the Secretariat issued a consultation paper on the subject (LC Paper No. FC 43/05-06) on 28 February 2006. The outcome of consultation revealed that of the 59 members who responded, 56 had indicated support for maintaining the current arrangement of inviting public officers to respond to questions on Establishment Subcommittee (ESC)/Public Works Subcommittee (PWSC) items at FC meeting only when request for separate voting was raised one day before the FC meeting. Meanwhile, members would be requested to indicate at ESC/PWSC meetings their requests for attendance of public officers at FC meetings when the relevant proposals were discussed. The Administration had also been consulted and it had indicated support for maintaining the status quo.

39. The Chairman put the proposal of maintaining the status quo to the vote. The Committee approved the proposal.

**Item No. 4 - FCR(2005-06)50**

**Discussion paper on the starting time of Finance Committee meetings and related meeting arrangements**

40. The Chairman said that this item invited members to consider whether the meeting time of FC and House Committee (HC) should be swapped, the decision of which would be referred to HC for further discussion. She said that the Secretariat had issued a consultation paper (LC Paper No. FC 43/05-06) to gauge members' views on the subject. The outcome of consultation revealed that of the 59 members who responded, 17 had indicated support for the status quo while 42 had indicated support for FC meetings to be held after HC meetings and of these, 40 of them preferred FC meetings to start at 3:00 pm and 33 of them preferred FC meetings to last for two hours with no extension. Any items not dealt with at one meeting would be carried over to the next meeting in accordance with FC Rule 11. The Administration would also be requested to give advance notice of time-critical items for better management of discussion items.

41. The Chairman said that if it was agreed that FC meetings should be held after HC meetings, the starting time of FC meeting should be fixed at 3:00 pm to facilitate the attendance of public officers. In the event that HC was not able to finish its business within the scheduled meeting time, it would need to suspend the meeting at 3:00 pm. Any unfinished business on the agenda of the HC meeting would have to be continued after the FC meeting, the duration of which would be fixed at two hours. The swap, if implemented, should not take effect within the present legislative session to allow a reasonable time for Bureau Directors and other

public officers to clear their diaries before the new arrangement came into effect. The Chairman added that if it was decided that HC meetings would be held at 2:30 pm while FC meetings at 3:00 pm, members would need to consider whether a FC meeting would still be held at 3:00 pm on certain Fridays when there were no HC meetings. Mr Fred LI said that he would prefer FC meetings to start at 2:30 pm if these were not preceded by a HC meeting.

42. Ms LI Fung-ying said that she failed to see the need for swapping FC and HC meetings if the duration of FC meetings were fixed at two hours, which would defeat the original intention of allowing more time for discussion of FC items. To avoid possible confusion arising from the swap, she would prefer to adhere to the existing long-standing arrangement of holding FC meetings at 2:30 pm for a fixed duration of two hours, to be followed by HC meetings. However, if it was decided that the swap should be implemented, the meeting time of FC should be fixed at 3:00 pm, regardless of whether there was a preceding HC meeting or not.

43. Mrs Selina CHOW said that it appeared that there was majority support for the swap since 42 members had indicated their preference for FC meetings to be held after HC meetings. As members were accustomed to attending meetings at 2:30 pm on Fridays, she would prefer that FC meetings be advanced to 2:30 pm if not preceded by HC meetings.

44. The Deputy Secretary for Financial Services and the Treasury (Treasury) 1 said that the Administration would have no problems in attending FC meetings at 2:30 pm if these were not preceded by HC meetings. She was however concerned about the circumstances where a scheduled HC meeting was cancelled at short notice and the Administration was not given adequate notification. The Chairman said that this problem should not arise as the schedules for HC and FC meetings were planned at the beginning of the legislative session.

45. The Chairman put the following proposals to the vote-

- (a) the meeting time of FC and HC should be swapped such that HC meetings would be held at 2:30 pm while FC meetings would be held at 3:00 pm;
- (b) where there was no preceding HC meetings, FC meetings would be held at 2:30 pm; and
- (c) the above arrangements would take place in the following legislative session starting October 2006.

46. The Committee approved the proposals.

47. Members also agreed that the duration of FC meetings should be two hours and any items not dealt with at the meeting should be carried over to the next meeting in accordance with FC Rule 11.

48. The meeting was adjourned at 4:30 pm.

Legislative Council Secretariat

25 July 2006