

ITEM FOR FINANCE COMMITTEE

HEAD 53 – GOVERNMENT SECRETARIAT : HOME AFFAIRS BUREAU

Subhead 700 General non-recurrent

Item 892 Trust Fund in Support of Reconstruction in the Sichuan Earthquake Stricken Areas

Members are invited to approve an increase in the commitment under Head 53 – Government Secretariat: Home Affairs Bureau Subhead 700 General non-recurrent Item 892 Trust Fund in Support of Reconstruction in the Sichuan Earthquake Stricken Areas by \$3 billion, that is to increase the commitment from \$6 billion to \$9 billion, to be injected into the Trust Fund in Support of Reconstruction in the Sichuan Earthquake Stricken Areas.

PROBLEM

The Sichuan Wenchuan massive earthquake brought about heavy casualties and massive damage, with Sichuan being the hardest hit province. The post-quake restoration and reconstruction mission is arduous and urgent and requires support from all sides. On the basis of the Sichuan Provincial Government's advice and our assessment of the related projects, the 32 proposed third stage projects on highway infrastructure, medical and rehabilitation, and social welfare facilities should be started as early as possible.

PROPOSAL

2. The Secretary for Home Affairs proposes to increase the existing commitment of \$6 billion under Item 892 Trust Fund in Support of Reconstruction in the Sichuan Earthquake Stricken Areas (the Fund) by \$3 billion to \$9 billion, and inject the same into the Fund to support Hong Kong Special Administrative Region (HKSAR)'s third stage reconstruction support work.

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JUSTIFICATION

Urgency of the Proposal

3. HKSAR's reconstruction support work in Sichuan should comply with the relevant financial laws and regulations of Hong Kong. Hence, the Government must obtain the prior approval of the Legislative Council (LegCo) before we can give a commitment to undertake additional reconstruction support projects. Owing to the great number of outstanding reconstruction projects and huge funding gap, Sichuan keenly hope that the funding arrangement can be confirmed as early as possible to take forward these projects promptly, and help the residents in the quake-affected areas restore their normal life. The bulk of existing commitment under the Fund has already been committed for undertaking the first and second stages of reconstruction work. Hence it is necessary for us to obtain the LegCo's approval to increase the commitment before we can further undertake with Sichuan any third stage projects.

Progress Report on HKSAR's Reconstruction Support Work

4. On 3 February 2009, we submitted the first progress report to the Panel on Development on the latest progress of the HKSAR's reconstruction support work. We have now prepared the second progress report¹ (the Second Progress Report) for Members' perusal. The Report covers the latest progress of the HKSAR's first and second stages of reconstruction support work, application for funding from the Fund by Non-government Organisations (NGOs), as well as details of the scope and preliminary estimates of the third stage projects proposed by the HKSAR Government.

Progress of First and Second Stage Projects

First Stage Projects

5. In July 2008, the Finance Committee (FC) of the LegCo approved a sum of \$2 billion for injection into the Fund to take forward HKSAR's first stage reconstruction support work. In October 2008, the HKSAR Government signed the "Co-operation Arrangement on the Support of Restoration and Reconstruction in the Sichuan Earthquake Stricken Areas" (the Co-operation Arrangement) with the Sichuan Provincial People's Government in Chengdu. The Co-operation Arrangement sets out the basic principles of the reconstruction support work by

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¹ Please refer to Annex 1 to the Legislative Council Development Panel Paper CB(1)1927/08-09(01)(prepared in Chinese only).

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the HKSAR, the 20 reconstruction projects for implementation at the first stage, liaison and coordination mechanism between Sichuan and Hong Kong, as well as matters relating to project funding, supervision and management etc. Regarding the specific arrangements for individual projects, after deliberations with Sichuan, we have compiled a set of work flow dedicated for the HKSAR reconstruction support work to set out clearly the arrangements for funding transfer and to ensure proper and accountable use of HKSAR's funding and the quality of construction works (relevant flow chart is shown in the Enclosure), on the basis of the provisions of the Co-operation Arrangement and the laws and regulations applicable to the Mainland construction works.

6. The 20 first stage reconstruction projects supported by the HKSAR include five school reconstruction projects, nine medical facilities projects, four integrated social services centres, one highway and one project on drawing up of plans relating to the reconstruction of the Wolong Nature Reserve. The HKSAR and Sichuan Governments have signed project co-operation arrangements for each of the 20 first stage reconstruction projects, which set out the project scope, technical standards, project milestones, funding commitment, phased funding arrangements, and details on project supervision and management etc.

7. With the signing of project co-operation arrangements and completion of first instalment of funding transfer, all the 20 first stage reconstruction projects have now proceeded to the substantive implementation stage of design, tendering and site construction. The "Drawing up of Plans for the Reconstruction of Wolong Nature Reserve" project has basically been completed, pending final vetting and endorsement. Site construction works for the "Section of 303 Provincial Road from Yingxiu to Wolong" and "Shuimo Secondary School in Wenchuan" projects are in progress, and reinforcement construction works for the "Number One Primary School in Deyang" and "Huashan Road Primary School in Deyang" projects have also been launched. In addition, four projects have proceeded to the tender preparation stage, and the remaining 11 projects are now at the design stage. Upon completion of the pre-construction preparatory work, all the first stage projects will proceed towards the actual site construction stage. The latest estimated expenditure for the 20 first stage projects is RMB 1.645 billion (around HK\$1.875 billion²). According to the funding transfer mechanism under the Cooperation Arrangement, the Fund has so far transferred about RMB 850 million (around HK\$964 million³) to the Sichuan Government's dedicated bank account.

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² The paid part was calculated on the basis of actual exchange rate at that time of remittance, while the unpaid part was calculated on the basis of the exchange rate on 5 June 2009 at HK\$ 100 for RMB 87.40. Unless otherwise specified, the above exchange rate is applied across this document to facilitate comparison.

³ Calculated on the basis of the actual exchange rate at the time of remittance.

8. The Sichuan Government originally planned to seek funding support from the HKSAR Government and Foshan Municipal Government respectively to reconstruct the lower secondary section and upper secondary section of the “Shuimo Secondary School in Wenchuan” as separate projects. Having regard to the actual needs of the concerned service area and with a view to enhancing the overall efficiency in the utilisation of the school premises, Sichuan has revised its plan to merge the lower secondary and upper secondary sections into a complete secondary school. After discussion with Foshan, Sichuan suggests that the design and construction of the whole project be undertaken by Foshan. The HKSAR will fund the Teaching Complex No.2, Dormitory No.1 and school sports ground. The Teaching Complex No.2 and Dormitory No.1 are mainly for use by students of the lower secondary classes. The amount of funding commitment by the HKSAR is about the same as the original estimate of RMB 55.7 million. The original school premises were seriously damaged in the earthquake, and students of the school have to be scattered over different provinces and municipalities to continue their schooling. The current situation is highly undesirable, and the contractor engaged by Foshan is now conducting the reconstruction works in full speed, which are expected to be completed by August this year. We will verify with the Sichuan side the relevant construction standards and quality of works before transferring funds.

9. Details of the content and latest progress of individual first stage reconstruction projects are set out in Appendix 1 to the Second Progress Report.

Second Stage Projects

10. In February this year, the FC agreed to increase the original commitment of \$2 billion by \$4 billion, making up a total of \$6 billion to take forward the second stage reconstruction support work. Subsequently, the Hong Kong and Sichuan Governments signed the “Letter of Intent on HKSAR's Second Stage Work in Support of Restoration and Reconstruction in the Sichuan Earthquake Stricken Areas” (see Appendix 2 to the Second Progress Report) and to confirm the commitment for the second stage projects undertaken by the HKSAR. Since then, relevant authorities of the two sides have worked closely in taking forward the projects.

11. There were originally 103 second stage projects. After further review by the Sichuan side, the “Wolong Town Social Welfare Institute” project can also serve the area originally planned to be covered by the “Social Welfare Institute in Gengda Village”, the latter of which is hence removed. In addition, funding from other sources has been secured for the “Taihe No. 1 Primary School in Shehong County” and “Mental Health Rehabilitation Services Centre in Zhongjiang County” projects, and funding support from the HKSAR Government is no longer required. The above three projects are hence deleted from the list of HKSAR second stage reconstruction support projects.

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12. The revised list of the 100 second stage projects include 51 projects on education, 20 on medical and health services, seven on social welfare services, and 22 on the reconstruction of the Wolong Nature Reserve. Under the Letter of Intent signed with Sichuan concerning HKSAR's second stage reconstruction support work, the total financial commitment by the HKSAR regarding second stage projects would not exceed \$3.806 billion. The Sichuan authorities have completed the preparation of the feasibility study reports of the above 100 second stage projects, and the necessary vetting and approval work is in progress. It is estimated that by the end of June 2009, the Sichuan side will be able to endorse the feasibility study reports for the majority of the second stage projects, and proceed to conclude the project co-operation arrangements of the relevant projects. This would enable funding transfer to be effected in taking forward the projects.

13. With a view to completing the construction of the teaching complexes as early as possible so that the students can resume their studies in the new school premises in the new school year, the Nanchong and Dazhou Municipal Governments have undertaken to fund a sum of about RMB 6 million and RMB 7 million respectively to enable commencement of the reconstruction works of the teaching complexes of the "Peijiang Road Primary School in Nanchong" and "Xigang School in Dazhou" as a matter of priority. The amount of funding support required from the HKSAR for these two projects will be reduced to about RMB14.5 million and RMB5.5 million accordingly.

14. Please refer to Appendix 3 to the Second Progress Report for the list and further details of the revised second stage projects.

Reconstruction Projects by the Hong Kong Jockey Club

15. The Hong Kong Jockey Club (HKJC) has allocated \$1 billion in support of the reconstruction work in Sichuan. In November 2008, the HKJC and concerned Sichuan authorities signed a letter of intent on four projects as the first stage, covering facilities on medical and rehabilitation services, secondary education and sports education. The ceiling of total commitment for these projects is RMB 409 million (around HK\$468 million). The HKJC is discussing with Sichuan on how the remaining reserved allocation should be used.

Applications by Non-government Organisations in Hong Kong

16. In line with the "Government-led, full community involvement" approach and to consolidate efforts by all sectors of the community, the Fund has been inviting applications from NGOs in Hong Kong since mid-October 2008 for proposed reconstruction projects in the quake-stricken areas of Sichuan. The Fund has so far approved 16 applications in the areas of education, medical

services, physical and psychological rehabilitation, social welfare, training schemes and culture and leisure etc., covering both hardware construction, as well as software services over which the Hong Kong NGOs have accumulated rich expertise and experience. The amount of grant involved is about \$161 million. Other applications are being processed.

Usable Balance of the Fund

17. In February 2009, the FC agreed to increase the commitment to \$6 billion to take forward the first and second stages of reconstruction support work, and invitation of applications of grants from NGOs. On top of that, the Fund has so far received about \$18 million public donation, making a total of \$ 6.018 billion. As at 4 June 2009, the Fund's commitment is \$5.886 billion, leaving a usable balance of about \$132 million. The breakdown is as follows –

Items of Commitment by the Fund		RMB (billion)	HK\$ (billion)
(a)	Commitment approved by the FC for the first and second stages of reconstruction support work	N.A.	6.018
(b)	20 first stage reconstruction projects	1.645	1.875
(c)	100 second stage reconstruction projects	3.326	3.806
(d)	16 approved NGO projects	N.A.	0.161
(e)	Staff cost and operating expenditure for 2008-09 to the first half of 2010-11	N.A.	0.044
(f)	Sub-total (b to e):	--	5.886
Usable Balance of the Fund (a) less (f) :		--	0.132

We will have regard to the actual circumstances and exercise flexibility in handling how the balance of \$132 million should be deployed. Possible uses may include meeting shortfall of project estimates arising from different stages of HKSAR's reconstruction support work, and contingency provisions, etc.

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Third Stage Projects

18. On 27 May 2009, the Chief Secretary for Administration, Mr. Henry Tang, and the Executive Vice-Governor of the Sichuan Provincial Government, Mr. Wei Hong, co-chaired the second “High-level Meeting Under the Coordination Mechanism for HKSAR’s Participation in Restoration and Reconstruction in Sichuan” and exchanged views on the direction of the third stage reconstruction support work. Having consolidated our experience and having regard to Sichuan's overall reconstruction plan and the needs of the affected areas, both sides agreed to expedite early implementation of the third stage projects. On this basis, both sides agreed in principle that the third stage projects should focus on the Deyang Aba Highway – Mianzhu to Mao County Section (the Mian Mao Highway), as well as some urgent projects on medical and health services, and rehabilitation services centres for the disabled.

Deyang Aba Highway – Mianzhu to Mao County Section

19. Hangwang Town of Mianzhu Municipality and Mao County of Aba Prefecture are two of the severely affected areas of the 5.12 Sichuan Wenchuan massive earthquake. At the moment, Hanwang Town and Mao County of Aba Prefecture are only connected by a partial Grade Two 170 km-long road detouring along the mountainous region via Beichuan. The Mianmao Highway will be constructed on the basis of a section of road from Qingping Village to Changhe Dam in Hanwang Town to provide a direct road link between Mianzhu Municipality and Mao County. The Sichuan earthquake has caused serious damage to the above access road. The road surface of the section of road between Hanwang Town and Changhe Dam with a length of about 37 km has almost been completely damaged, and a large number of bridges have dislocated or even collapsed. Massive mountain body collapse, landslide and mud-rock flow also buried the road surface, blocked the river flow and led to the formation of barrier lakes. As a necessary measure to address the livelihood problems and enable early resumption of the local economy and normal life in the affected Hanwang , Mao County and other municipalities, villages and towns along the road with a total population of about 188 000 people (including 12 000 people residing in the municipalities, villages and towns along the road, and 11 000 workers employed to work in the local mines), it is imperative that the proposed highway project be implemented as soon as possible.

20. After the Sichuan earthquake, the Mian Mao Highway project has been included in the "Overall Planning for the Post-Wenchuan Earthquake Restoration and Reconstruction" as a key restoration and reconstruction transport

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project in Sichuan. The total estimated expenditure for the project is around RMB 3.21 billion. Sichuan initially proposed that the HKSAR Government fund RMB 2 billion (around HK\$2.288 billion) of the cost, and they would meet the balance by securing other funding sources. Please refer to Appendix 4(1) to the Second Progress Report for further planning details of the Mian Mao Highway.

Medical and Health projects and Rehabilitation Facilities

21. Sichuan suggests that the HKSAR Government should also consider undertaking some livelihood medical and health projects and rehabilitation facilities to meet the urgent needs of the quake-stricken areas. Sichuan proposes to include six medical and health projects at the third stage, including a remote medical network platform, three hospitals and two health care centres. The estimated expenditure is around RMB 256 million (around HK\$293 million) (for details please refer to Appendix 4(2-7) to the Second Progress Report). The “Huaxi Hospital Distance Medical Network Platform” project is an audio-visual networking system. The networking platform utilises modern electronic networking technology to link up the Huaxi Hospital, a major provincial level hospital, with 286 local hospitals, health care centres and rehabilitation services centres for the disabled in Sichuan. The other five proposed medical and health projects are Chinese Medicine Hospital in Ya An, Health Care Centre in Ya An, Central Hospital in Mianyang, Chinese Medicine Hospital in Mianyang, and Health Care Centre for Women and Children in Mianyang, which are reconstruction projects at the original or new sites. The proposal will help provide better services to and benefit the patients by rendering the necessary hospital and health care centre services support for the concerned quake-stricken areas, enhancing the overall standard of medical and health care facilities at the county level, and providing training to medical and health personnel to provide better services.

22. Sichuan also proposes to build on the platform of the “Sichuan Hong Kong Rehabilitation Centre”, a key first stage project, as a provincial level core rehabilitation centre for providing specialised rehabilitation services for patients, and set up a network of rehabilitation services centres for the disabled covering all of the 39 extremely heavily devastated / heavily devastated counties. This network of rehabilitation services centres will meet the needs of the patients requiring rehabilitation services during the different stages of recovery, such as follow-up rehabilitation training in their county of residence. Sichuan proposes to construct a rehabilitation services centre for the disabled with uniform planning and design standards at each of the 25 severely affected / seriously affected counties, on top of the seven integrated service centres with rehabilitation services facilities for the disabled and two rehabilitation services centres for the disabled at the first and second stages. The estimated expenditure is around RMB 244 million (around HK\$279 million) (for details please refer to Appendix 4(8) to the Second Progress Report).

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23. There are about 800 000 disabled persons in the above 25 severely affected/seriously affected counties, of which about 480 000 require rehabilitation services support. With medical rehabilitation and ancillary medical treatment services forming the core elements and coupled with complementary community rehabilitation and social services, the proposed rehabilitation service centres for the disabled will be able to provide the necessary services required by the disabled clients during their course of rehabilitation. The scope of services may include out-patient rehabilitation services and consultation, function assessment, occupational therapy, rehabilitation training, and employment services for the disabled etc. Depending on the scale of the individual centres, each rehabilitation services centre will provide not less than 20 to not less than 50 rehabilitation beds. According to Sichuan, the proposed rehabilitation services centres for the disabled at the remaining severely affected / seriously affected counties will be funded by the relevant supporting provinces / municipalities under the one-on-one support scheme.

24. We will continue to discuss with Sichuan on the details of the proposed third stage projects and make necessary adjustments as necessary.

25. The distribution of HKSAR's reconstruction support projects by stages and functional areas is set out below –

<i>Areas</i> <i>Stages</i>	Education	Medical and Rehabilitation	Highway Infrastructure	Wolong	Social Welfare	Total
First Stage Projects	5	9	1	1	4	20
Second Stage Projects	51	20	0	22	7	100
Proposed Third Stage Projects	0	6	1	0	25	32
Total :	56	35	2	23	36	152

/Expediting

Expediting Implementation

26. The latest target of the Central Government and Sichuan Government is to strive for substantial completion of major reconstruction tasks within two years, one year earlier than the original three-year target. Major focuses include livelihood projects such as residential buildings, schools, and medical and rehabilitation services projects. HKSAR's reconstruction support projects do not cover residential buildings. According to Sichuan's original overall plan, the construction period of HKSAR's projects in general would normally take about 24 to 36 months, with the majority of projects to be completed within 24 months. Having regard to the latest progress, the majority of HKSAR's projects will be completed within the next two years. On the condition that the quality of works will not be affected, we will continue to maintain close liaison with Sichuan with a view to expediting implementation. The objective is to help the residents in the quake-affected areas restore their normal life as soon as possible.

27. According to the earlier consensus reached with Sichuan, the latter is responsible for the project implementation work. Sichuan will seek ways to expedite implementation of HKSAR's reconstruction support projects by optimising procedures within the parameters of the relevant laws and procedures and on the condition that the required quality standards can be met. For instance, the Sichuan side will study whether it is possible to streamline the construction implementation procedures by bundling the projects yet to be tendered into larger groups by location or functional area, and invite composite tenders targeted at major contractors for implementation, on condition that the contractors should acquire the construction works contracts in compliance with the relevant laws and through a competitive bidding process. In addition, the proposed county-level rehabilitation services centres will be taken forward through standardised planning, design, and to be tendered as a package to shorten implementation time and enhance efficiency.

Independent Professional Consultants

28. The HKSAR Government will hire professional consultants to mainly help conduct independent technical auditing for the HKSAR reconstruction support projects, such as assisting the concerned HKSAR Government bureaux and departments to conduct on-site inspections, and examine the various reports on quality, progress and use of funds as provided by the Sichuan side. There will be three separate consultancy contracts to cover

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respectively the 303 Provincial Highway project and projects relating to the reconstruction of Wolong Nature Reserve, projects in eastern Sichuan, and projects in western Sichuan. HKSAR Government is conducting the related tendering procedures for selecting consultants. It is expected that the tendering and contract award procedures will be completed in July 2009. Before that, the related technical auditing work will be undertaken by the Development Bureau. Regarding the 303 Provincial Road project, the Development Bureau has received the progress and inspection reports prepared by the supervising engineer of the project, and has conducted four on-site inspections. The Development Bureau will provide the relevant information to the Development Panel for Members' perusal.

FINANCIAL IMPLICATIONS

29. The FC has agreed earlier to inject \$6 billion to the Fund to implement HKSAR's first and second stages of reconstruction support work. To further take forward the third stage reconstruction support work, we propose to the FC to increase the existing commitment by \$3 billion from \$6 billion to \$9 billion, to be injected into the Fund for the following purposes –

Items		Estimates	
		RMB (billion)	HK\$ (billion)
1.	Mian Mao Highway	2.000	2.288
2.	Medical and health facilities (6 projects)	0.256	0.293
3.	Rehabilitation services centres (25 projects)	0.244	0.279
4.	Staff cost and operating expenditure for the second half of 2010-11 to 2011-12	N.A.	0.044
5.	Fess for hiring independent professional consultants	N.A.	0.030
6.	Contingency	N.A.	0.066
		Total :	\$3.000

30. At the Panel on Development meeting on 3 February 2009, we reported that the Steering Committee on the HKSAR's Support for Reconstruction in the Sichuan Earthquake Stricken Areas had supported the creation of 20 additional time-limited civil service posts in the financial year of 2009-10 (including one time-limited Administrative Officer Staff Grade C post⁴ and 19 non-directorate posts, see Appendix 7 to the Second Progress Report for details). Of these, 16 time-limited non-directorate posts have been filled, the majority of which will be for a duration of three years. In addition to the additional time-limited civil service posts, the relevant bureaux/departments and the Hospital Authority have so far created 11 time-limited non-civil service contract posts, the majority of which will last for three years (see Appendix 8 to the Second Progress Report for details).

31. The relevant bureaux and departments will review the actual manpower requirement from time to time and seek the additional manpower resources according to the established mechanism when necessary. The related financial expenditure will be absorbed by the Fund.

32. Our overall objective is that HKSAR's financial commitment to the reconstruction support work will not exceed HK\$10 billion. On the basis of the FC's earlier approved commitment of \$6 billion, the HKJC's pledged commitment of \$1 billion and public donation received, the overall objective in participating in the reconstruction work can be met if Members approve the proposed increase of existing commitment by \$3 billion.

33. If the above proposal is approved by the FC, the overall distribution of the approved \$9 billion commitment will be roughly as follows –

/Areas

⁴ The proposed time-limited Administrative Officer Staff Grade C post will be created under the Constitutional and Mainland Affairs Bureau. The main duties are to assist the Steering Committee in coordinating inter-departmental efforts and handling coordination and communication with the relevant Sichuan authorities. The Bureau will endeavour to meet the need for the proposed directorate post through internal deployment of manpower as far as possible and will put forth the proposal to the Establishment Subcommittee of the Finance Committee in due course.

Areas	Estimated project cost/ Commitment (HK\$billion)
Estimated cost for the first stage reconstruction support projects	1.875
Estimated cost for the second stage reconstruction support projects	3.806
Estimated cost for the proposed third stage reconstruction support projects	2.860
Approved grants to non-government organisations from the Fund	0.161
Estimated staff cost and operating expenditure (including expenses for hiring independent professional consultants)	0.118
Contingency (may be flexibly used for meeting shortfall of estimates for committed projects and other contingency provisions)	0.180
Total:	\$9.000

34. Under the Secretary for Home Affairs Incorporation Ordinance (Cap 1044), the Trustee (i.e. Secretary for Home Affairs Incorporated) (SHAI) shall submit a copy of the SHAI's audited statement of accounts, together with the Director of Audit's report and a report by the SHAI on the administration of the Fund during the period covered by the audited statements of accounts, to the LegCo for perusal not later than three months after the audited statement of accounts and the report thereon are received by the SHAI from the Director of Audit. The SHAI's audited statement of accounts will incorporate the Fund's audited statement of accounts.

PUBLIC CONSULTATION

35. We submitted a paper together with the Second Progress Report for the special meeting of the Development Panel on 18 June 2009 to inform Members of the progress of the first and second stages of reconstruction support work, and seek their views on the proposed third stage reconstruction support
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work. Members in general recognised the merits and importance of the reconstruction support work. Some members considered that the Government should make available the reports from independent professional consultants and Mainland supervising bodies relating to the first and second stages projects for Members' perusal, so that they could have a better understanding of the quality and implementation process of the related projects. In response, the Development Bureau agreed to compile a list of related reports in hand⁵ and arrange for Members' perusal of the content upon request, such as feasibility study reports and inspection reports prepared by the Mainland supervising engineers. As only a portion of the \$6 billion commitment was actually transmitted to Sichuan, some Members queried whether the proposed \$3 billion increase in commitment was urgently required to take forward the third stage reconstruction support work. We explained at the meeting the importance and urgency of the proposed third stage projects to help the affected residents restore their normal life without further delay. We also pointed out that although the project cash flow requirement would be arranged by instalment in accordance with the progress of work, we had to obtain the FC's approval to increase the commitment before we could make any financial commitment relating to the proposed third stage projects and take forward the matter.

36. At the meeting, some Members considered that before the FC's consideration of the proposed third stage funding commitment, it was imperative that the LegCo delegation's visit to Sichuan be conducted to allow them to have a better understanding of the condition of the quake-affected areas and progress of HKSAR's reconstruction support projects on-the-spot. We explained at the meeting that we had communicated with the Sichuan Provincial Government on a number of occasions on this proposal. Sichuan appreciated the Members concerns and was positive about the proposed visit. However, since Sichuan was pre-occupied with a host of other tasks in hand, the proposed visit to Sichuan had to be arranged at a later time. We will continue to liaise with Sichuan and follow up the matter.

37. A Member raised at the meeting that according to Mainland's cross-provincial one-on-one support scheme, some of the proposed third stage projects might fall within the scope and responsibility of the concerned supporting provinces/municipalities directly under the Central Government, and hence obviating the need for HKSAR's support. We explained at the meeting that there was no overlap between the two, and would provide a supplementary written response to the Clerk to the Development Panel.

/BACKGROUND

⁵ Reports from independent expert consultants are not available at the moment.

BACKGROUND

38. The massive earthquake measuring 8.0 on Richter scale that hit Wenchuan on 12 May 2008 had affected 417 counties/county cities/districts in ten provinces/autonomous regions/municipalities directly under the Central Government, including Sichuan, Gansu, Shaanxi, Chongqing and Yunnan. The quake-stricken areas covered some 500 000 km², with millions left homeless. Given the wide expanse of the quake-stricken areas, huge disaster-affected population, complex natural conditions, and serious damage of infrastructure, the post-quake restoration and reconstruction mission is arduous and urgent. Damage to Sichuan is particularly serious, with a total of ten severely affected counties/county cities/districts, 29 seriously affected counties/county cities/districts and 100 general quake-affected areas. Countless houses, infrastructural facilities as well as community facilities such as schools and hospitals were severely damaged.

39. Post-quake reconstruction is an arduous task. According to Sichuan's assessment, post-quake restoration and reconstruction may cost more than RMB 1,600 billion⁶, roughly 16 times the total general budget revenue of the province in 2008⁷. As such, support from all sides, concerted efforts of the whole nation and participation of all are needed to overcome this severe challenge.

Constitutional and Mainland Affairs Bureau
Development Bureau
Home Affairs Bureau
June 2009

⁶ Source: Speech made by Mr. Liu Qibao, Party Secretary of Sichuan Province, in November 2008 at the "Sichuan Province Post-quake Relief Thanksgiving Ceremony cum Post-quake Reconstruction (Hong Kong) Investment Promotion Seminar".

⁷ According to the "Report on Implementation of the Budget for 2008 and the Budget for 2009" released by the Sichuan Provincial Government on 15 January 2009, the total general budget revenue of Sichuan in 2008 was RMB 104.176 billion.