



Legislative Council
of the
Hong Kong Special Administrative Region
Finance Committee

Report on the examination
of the Estimates of Expenditure 2008-09

July 2008

Finance Committee

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Estimates of Expenditure 2008-09*

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Chapter I : Introduction

1.1 At the Legislative Council meeting on 27 February 2008, the Financial Secretary of the Hong Kong Special Administrative Region Government introduced the Appropriation Bill 2008. Following the adjournment of the Bill at Second Reading and in accordance with Rule 71(11) of the Rules of Procedure, the President of the Legislative Council referred the Estimates of Expenditure to the Finance Committee for detailed examination before the Bill was further proceeded with in the Council.

1.2 The Finance Committee set up under Rule 71(1) of the Rules of Procedure comprises all Members of the Council except the President. The Committee held 20 sessions of special meetings over five days from 31 March to 3 April and 7 April 2008 to examine the Estimates. The purpose of these special meetings was to ensure that the Administration was seeking a provision no more than was necessary for the execution of the policies of the Government for 2008-2009.

1.3 To facilitate the smooth conduct of business, members of the Committee were invited to submit written questions on the Estimates and a total of 2 733 written questions were received and forwarded to the Administration for replies. Both the hard and the electronic copies of the written replies by the Controlling Officers were forwarded to members prior to the special meetings for reference. The replies can also be browsed at the Council's website.

1.4 Each session of the special meetings from 31 March to 3 April and 7 April 2008 was dedicated to a specific policy area and attended by the respective Director of Bureau and his/her key Controlling Officers. The schedule of the 20 sessions is given in **Appendix I**. At the start of each session, the Director of Bureau/Controlling Officer concerned gave a brief presentation on the spending priorities and provisions sought under his/her programme areas. The Chairman then invited members to put questions to the Administration. A full record of the proceedings of the 20 sessions is given in Chapters II to XXI. Questions which were not dealt with and requests for further information were referred to the Administration for written replies after the meetings while broad policy issues raised during the meetings were referred to the respective panels for follow up, where necessary.

1.5 A total of 138 supplementary questions and requests for additional information were referred to the Administration for reply after the special meetings. The majority of the written replies to these questions were forwarded

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to members prior to resumption of the Second Reading debate on the Appropriation Bill 2008 on 16 and 17 April 2008. A summary of the number of the questions and additional requests for information is given in **Appendix II**.

1.6 The attendance of members and public officers at the special meetings is given in **Appendix III**. The speaking notes of respective Director of Bureaux or Controlling Officers at the special meetings are contained in **Appendix IV**.

1.7 This report, published in both Chinese and English, is presented to the Legislative Council on 2 July 2008 in accordance with Paragraph 53 of the Finance Committee Procedure.

Chapter II : Civil Service

2.1 At the invitation of the Chairman, Miss Denise YUE, Secretary for the Civil Service (SCS), briefed members on the major initiatives and expenditure concerning the civil service for the coming year (Appendix IV-1).

Non-civil service contract staff

2.2 Miss TAM Heung-man expressed concern that the terms of employment for non-civil service contract (NCSC) staff were inferior to those for civil servants of similar ranks, and the rates of pay adjustment in 2007-2008 for most NCSC staff, except some NCSC staff in the Department of Health, Food and Environmental Hygiene Department and Social Welfare Department, were lower than that for civil servants, which could create a divisive effect between civil servants and NCSC staff.

2.3 SCS responded that the employment terms of NCSC staff were no less favourable, and could be better in certain aspects, than those stipulated under the Employment Ordinance (Cap. 57). SCS explained that civil servants and NCSC staff were appointed on different terms of employment to meet different needs. Briefly, civil servants were employed as permanent staff of the civil service while NCSC staff were appointed on short-term fixed contract terms. NCSC staff were offered an all-inclusive pay package which did not entail other fringe benefits. The employment packages and pay adjustment mechanism for NCSC staff were distinct from those applicable to civil servants. Given the nature of the NCSC Staff Scheme, Heads of Departments (HoDs) had the discretion to decide whether pay adjustments should be made for their NCSC staff and the level of adjustments. In doing so, HoDs would have regard to a host of considerations, including condition of the employment market, recruitment results, staff retention needs, cost of living, civil service pay adjustment, etc. SCS pointed out that about 90% of NCSC staff received a pay increase in 2007. Most of them (around 70%) received a pay rise of 4% to 4.99%, while another some 15% received a salary increase of 5% or more. Within the latter group, some received a pay increase of over 10%. The pay increase for civil servants in 2007-2008 ranged from 4.62% to 4.96%. About 10% of NCSC staff did not receive a pay increase in 2007, including those in the Registration and Electoral Office who were employed for a period of a few months, and some NCSC staff in the Social Welfare Department and Hongkong Post whose salaries were found to be commensurate with or higher than those for similar jobs in the private sector through salary surveys.

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2.4 Mr LEE Cheuk-yan opined that the Government had not done enough to provide a family-friendly working environment for NCSC staff. He asked whether guidelines had been issued by Civil Service Bureau (CSB) to all government departments requiring HoDs to provide a family-friendly working environment to NCSC staff, e.g. provision of full-pay maternity leave and 17 days annual holidays for all NCSC staff.

2.5 SCS responded that where operationally permissible, both civil servants and NCSC staff in government departments worked on a five-day week basis. Civil servants and the NCSC staff who worked alongside with them were eligible for public holidays. There were guidelines that the terms of employment for NCSC staff should be no less favourable than those provided for under the Employment Ordinance. Notwithstanding, HoDs had the discretion to offer to NCSC staff terms of employment better than those laid down in the Employment Ordinance having regard to factors such as market situation.

2.6 Mrs Anson CHAN enquired about the number of NCSC positions which would be converted into civil service posts, the time-table for conversion, and whether the Government had set a ratio between the number of civil servants and NCSC staff.

2.7 SCS responded that there was no fixed ratio for the number of NCSC staff vis-a-vis civil servants. NCSC staff were employed for work that was seasonal, time-limited or part-time in nature, or work that was subject to market fluctuation, or the mode of delivery was under review or likely to be changed (e.g. through outsourcing). Based on a review of the NCSC Staff Scheme, which was conducted by CSB in March 2006 jointly with bureaux and departments, it was identified that the work of about 4 000 positions, out of a total of about 16 500 NCSC positions, should more appropriately be performed by civil servants. About 1 300 and 2 500 NCSC positions would be replaced by filling existing and anticipated vacant civil service posts and newly created civil service posts in 2007-2008 and 2008-2009 respectively.

2.8 Mr WONG Kwok-hing expressed concern about the small number of NCSC staff who could successfully transfer to the civil service through the open recruitment exercises. As the Administration had only identified 4 004 NCSC positions for conversion into civil service posts, and there was no "through train" arrangement for the NCSC staff concerned, many of them would lose their jobs.

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2.9 SCS advised that recruitment of civil servants was an on-going process, and the employment situation of NCSC staff changed from time to time. As at the end of October 2007, 930 NCSC positions had already been phased out and their work undertaken by civil servants. About half of the affected NCSC staff had successfully joined the civil service through open recruitment. As regards the remaining half, about 40% left the Government on their own accord or on account of sub-standard performance, while about 3% of the affected NCSC staff were accommodated in other NCSC positions within their departments. She said that only about 3% of the affected NCSC staff who had applied for civil service posts were not selected for appointment. SCS undertook to provide the detailed information in writing after the meeting.

Incorporation of Basic Law assessment into civil service recruitment

2.10 Ms Emily LAU expressed concern about the incorporation of Basic Law assessment into civil service recruitment. She asked whether a candidate who met the entry requirements but failed in the Basic Law assessment would still be selected for appointment. She further enquired about the rationale behind the introduction of the Basic Law assessment in the civil service recruitment.

2.11 SCS replied that a paper on the subject would be presented to the Panel on Public Service in April 2008. SCS explained that a passing mark would not be set for the Basic Law assessment. The assessment would take the form of multiple choice questions for posts requiring higher academic qualifications, while for posts requiring lower academic qualifications, the candidates would be asked one or two questions about the Basic Law during interview. The Basic Law test result of a candidate would be assigned a weighting of not more than 10% of the overall assessment of the candidate. The purpose of the assessment was to encourage a better understanding of the Basic Law, which was the constitutional document of Hong Kong. Training on the Basic Law for civil servants would also be enhanced.

2.12 Ms Emily LAU asked whether a candidate who performed well in all other aspects of the recruitment assessment but failed in the Basic Law test would be selected for appointment.

2.13 SCS re-iterated that the maximum weighting on the result of the Basic Law test would not exceed 10% of the overall assessment of the candidate, and no passing mark would be set for the test. The overall performance of a

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candidate in the recruitment assessment would be taken into consideration for appointment purpose.

Resumption of open recruitment of civil servants

2.14 Mr SIN Chung-kai expressed concern that the resumption of open recruitment of civil servants might increase the headcount of and expenditure on the civil service, and have an impact on the manpower situation in the private sector. He asked whether there was a mechanism to delete obsolete posts for out-dated services.

2.15 SCS acknowledged that the Government was fully aware that the remuneration for civil servants constituted a major part of the Government's expenditure. The establishment of the civil service stood at around 160 000 in March 2007, and the Government had exercised strict control over the size of the civil service. New posts would be created only to meet genuine operational and service needs arising from new initiatives or policies, and after reviewing the best mode of delivery of the services. It was the Government's fiscal principle that public expenditure should not exceed 20% of the Gross Domestic Product of Hong Kong. This, in turn, would cap the growth of the civil service. SCS added that the Government had introduced two voluntary retirement schemes in the past five to seven years through which over 10 000 civil service posts, including obsolete posts, had been deleted. A freeze on open recruitment had been imposed on some 70 civil service grades under the Second Voluntary Retirement Scheme (VR II). If civil service posts in a certain grade were found to be obsolete, a voluntary retirement scheme could be offered to the officers concerned. Training could also be provided to the remaining officers to facilitate re-deployment of these staff to other civil service posts.

2.16 Mr Howard YOUNG asked whether the number of posts would be reduced as a result of a new government initiative/policy which would lead to less manpower requirement. For example, the exemption on the duties on wine, beer and alcoholic beverages would result in a reduction in the number of officers enforcing the relevant law.

2.17 SCS responded that if there was a reduction in manpower requirement due to a new or revised government policy, the CSB would consider adjusting downward the establishment ceiling of the bureau/department. As the Budget was kept confidential until it was announced in the Legislative Council on

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27 February 2008, adjustment of the staff requirement in the Customs and Excise Department arising from the exemption of duties on wine, beer and alcoholic beverages would be pursued separately.

2.18 Ms LI Fung-ying was concerned that the provision for 2008-2009 on human resource management of CSB was lower than the revised estimate for 2007-2008. She asked whether the reduction was due to vacancies at lower ranks not being filled and whether there were plans not to fill such posts.

2.19 SCS said that the three vacancies, viz. two Executive Officer (EO) II posts and one Clerical Assistant post, belonged to grades included under VR II and were previously subject to recruitment freeze. The two EO vacancies would eventually be filled when new recruits became available following the latest recruitment exercises (one vacancy had already been filled in early 2008). As for vacancies in the clerical grade, arrangements for re-deployment of staff among bureaux/departments and in-service appointment/promotion exercises were being made with a view to filling existing vacancies.

Chapter III : Constitutional and Mainland Affairs

3.1 At the Chairman's invitation, Mr Stephen LAM, Secretary for Constitutional and Mainland Affairs (SCMA), briefed members on the estimated expenditure of the Constitutional and Mainland Affairs Bureau (CMAB), the Registration and Electoral Office, the Equal Opportunities Commission (EOC) and the Office of the Privacy Commissioner for Personal Data (PCPD) and the work priorities in 2008-2009 (Appendix IV-2).

Constitutional development

3.2 Ms Audrey EU noted that when the method for forming the Legislative Council (LegCo) in 2012 was discussed, the Task Group on Constitutional Development under the Commission on Strategic Development gave consideration to the question of whether the number of seats returned by functional constituencies should be increased. Ms EU opined that such consideration would not be consistent with the ultimate aim of universal suffrage. Referring to the electoral promise of the Chief Executive (CE) that there should be an ultimate proposal on universal suffrage for selecting CE and forming LegCo within his five-year term, Ms EU sought information on the progress in coming up with the proposal. In her opinion, the proposal should provide a proper perspective with regard to universal suffrage and whether functional constituencies should be retained when universal suffrage was implemented

3.3 SCMA responded that CE was indeed determined to deal with the issue of universal suffrage. Having considered the CE's report, on 29 December 2007, the Standing Committee of the National People's Congress adopted the "Decision on Issues Relating to the Methods for Selecting the Chief Executive of the Hong Kong Special Administrative Region and for Forming the Legislative Council of the Hong Kong Special Administrative Region in the Year 2012 and on Issues Relating to Universal Suffrage" (the Decision). Although the Decision stipulated that the CE election and LegCo election in 2012 should not be implemented by the method of universal suffrage, there was still ample room for making amendments to the electoral methods. As such, pending the outcome of discussion of the Task Group on Constitutional Development, in the fourth quarter of 2008, the Administration would consolidate options which could be considered for amending the two electoral methods for 2012, and thereafter conduct public consultation as early as possible. He added that the Hong Kong Special Administrative Region (HKSAR) Government agreed that any universal suffrage model had to comply with the principle of universal and equal suffrage, and that the issue on how to implement universal suffrage for CE in 2017 would be dealt with by the next term Government.

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3.4 Ms Audrey EU asked whether resources had been earmarked for the political parties to conduct international conferences and/or public consultation on the issue of universal suffrage. She commented that it would not be adequate to set aside only about \$5 million in 2008-2009 for consulting the public on the electoral methods for selecting CE and forming LegCo.

3.5 SCMA stressed that the Administration attached great importance to public consultation as it could help narrow differences and forge consensus within the community. While the \$5 million provision should be sufficient for the public consultation exercise, additional resources could be made available if the provision turned out to be insufficient. However, political parties, think tanks or international experts planning to conduct research work on universal suffrage and gauge public views on the matter should make use of their own resources.

Mainland affairs

3.6 Noting that in the coming year, the Mainland Offices under CMAB would continue to enhance liaison with the provincial and municipal governments and other local authorities in the Mainland, Mr Albert HO commented that LegCo, being a constitutional body, should also maintain regular communication with these governments and organizations. He considered that LegCo Members could reflect their views to these bodies through conducting duty visits to the Mainland or inviting Mainland officials to visit LegCo. He asked whether SCMA, who had the responsibility to enhance LegCo's role in undertaking such task, would provide assistance to LegCo Panels or Bills Committees in conducting duty visits to the Mainland.

3.7 In response, SCMA stressed that it had always been the Administration's aim to strengthen communication between the provincial/municipal governments and local political parties/LegCo Members. In September 2005, CE had led all LegCo Members to visit the Pearl River Delta Region and meet with leaders of the Guangdong Provincial Government. It was hoped that the trip was the first step for Hong Kong to explore a wider vision for the future. However, when the proposed constitutional reform package for 2007 and 2008 was not approved by LegCo in December 2005, there was an impact on the development of a closer relationship. Notwithstanding, the Administration's effort in this regard had not ceased. For example, the Administration had invited all LegCo Members to take part in the celebration events that marked the 10th Anniversary of HKSAR, during which LegCo Members had met with leaders of

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the Mainland. As regards holding duty visits by LegCo Panels or Bills Committee, SCMA said that according to his understanding, requests for duty visits were usually initiated by LegCo via its Secretariat which would liaise directly with the receiving organizations. He undertook that when the LegCo Secretariat had obtained the agreement of the receiving parties in the Mainland, the Mainland Offices under CMAB would provide assistance where necessary.

3.8 Noting that the number of assistance cases in 2007 concerning Hong Kong residents arrested or detained in the Mainland handled by the Immigration Divisions of the Beijing Office (BJO) and Guangdong Economic and Trade Office (GDETO) were just 28 and 37 respectively, Mrs Selina CHOW considered that the actual number of cases requiring assistance should be much greater, given the increase in commercial disputes following the closer economic integration between Hong Kong and the Mainland. She urged the Administration to take a more proactive role in rendering assistance to Hong Kong residents working or running business in the Mainland, and to step up publicity on assistance available at the Mainland Offices. Mrs CHOW also requested the Administration to provide more resources to help Hong Kong residents who encountered difficulties in the Mainland.

3.9 SCMA responded that the four Mainland Offices had been proactive in providing assistance to Hong Kong companies operating in the Mainland. For instance, further to the "Closer Economic Partnership Arrangement", GDETO and Chengdu ETO had provided detailed information about Central Government's policy regarding industrial upgrading, transformation and relocation in Pan-Pearl River Delta Region. GDETO also actively monitored the implementation of policies and regulations that would have great impacts on Hong Kong enterprises. On publicity about the services provided by the Mainland Offices, SCMA said that GDETO publicized its services widely through various channels, such as the regular luncheon gatherings with Hong Kong's trade and industry associations. GDETO would also promote communication between Hong Kong businessmen and relevant commerce and trade departments in the Province to promote mutual understanding and to resolve problems affecting Hong Kong businessmen. GDETO would relay concerns about commerce and trade matters to the relevant provincial authorities and take appropriate follow up actions. Regarding assistance to Hong Kong residents being arrested or detained, information on lawyers in the Mainland would be provided upon request by the parties concerned or their relatives and friends.

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3.10 The Director, Beijing Office (DBO) added that BJO maintained close contact with the Hong Kong (China) Chamber of Commerce (HKCCC) in Beijing. Together with HKCCC, BJO also organized seminars jointly with the Beijing Municipal Government to enhance Hong Kong businessmen's understanding of the latest economic and trade-related policies/regulations in the Mainland. This had helped the Hong Kong enterprises.

3.11 Mrs Anson CHAN expressed concern that in 2007, only 13 out of 65 assistance seekers in detention had returned to Hong Kong. She enquired whether the low success rate was due to the lack of resources or other reasons. She asked why some assistance seekers were still being detained.

3.12 SCMA advised that in the past few years, the Administration had maintained communication with the law enforcement agencies and judicial departments in the Mainland. Under the principle of "One Country, Two Systems" and respecting the Mainland's legal system and jurisdiction over those cases, the Mainland Offices would provide practical assistance to Hong Kong residents in distress. DBO added that apart from those who were serving sentence, some were still being detained pending sentencing or prosecution. For those being detained in the five provinces under his purview, the Director, GDETO said that the cases involved fraud, drug trafficking or smuggling.

3.13 Mr LAU Kwong-wah noted that in 2007, the number of public enquiries and requests for assistance received by GDETO far exceeded other Mainland Offices, but the provision earmarked for 2007-08 was just \$34 million vis-à-vis \$45.8 million for BJO, \$23.7 million for Shanghai ETO and \$16.5 million for Chengdu ETO. Mr LAU considered it a mismatch of resources and called on the Administration to look into the matter. Considering that there were many Hong Kong residents living or working in Shenzhen and they might also need assistance, he urged GDETO to consider setting up a branch office there. SCMA responded that the Director of GDETO was supported by about 30 staff in providing a variety of services, including commercial relations, public relations, investment promotion and immigration services, for Hong Kong residents in the five provinces concerned. If necessary, CMAB could redeploy resources within the Bureau to meet demand for services in particular areas.

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3.14 Mr LAU Kwong-wah considered that with the closer economic integration between Hong Kong and the Mainland, more resources should be earmarked for establishing an institutional framework to tie in with the Mainland's Five-Year Plans. This would enable Hong Kong to participate more actively in cross-boundary infrastructural projects, such as the construction of Hong Kong-Zhuhai-Macao Bridge which could be taken forward more expeditiously.

3.15 SCMA advised that subsequent to the promulgation of the National 11th Five-Year Plan, the Administration had provided a forum for government officials, professionals, academics, and the industrial, business and labour sectors to discuss how Hong Kong should respond to the challenges and opportunities arising from the Plan and to come up with a set of strategic proposals. The discussion was not solely about how Hong Kong could continue to strive for the best and keep its momentum in economic development amid fierce global competition, the outcome of the forum also stated clearly how local professional services, such as finance, logistics and trade, could respond to and support the country's rapid development. The Administration had also held discussions with different provincial and municipal governments on strategic and planning issues, and exchanged information on regional development with a view to fostering closer socio-economic cooperation between the two places. SCMA expected that similar discussions and exchange of views for future National Five-Year Plans would continue to be held.

Basic Law promotion

3.16 Mr Martin LEE enquired about the activities to be organized in 2008-2009 to promote the Basic Law and the important concepts of "One Country, Two Systems", "a high degree of autonomy" and "Hong Kong People ruling Hong Kong". He asked how the promotion of the Basic Law could help enhance the public understanding of the core values of Hong Kong.

3.17 SCMA remarked that the core values which were important to Hong Kong included freedom of speech, human rights, rule of law and pursuit of democracy. The Basic Law, as a constitutional document, provided the constitutional basis through which these values could be defended. In response to Mr Martin LEE's further query on whether the differentiation between close and distant relationships was a core value of Hong Kong, SCMA stressed that Hong Kong was a free, open and diversified society where Members and the general public held pluralistic views on Government's policy and legislative

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proposals. The Government was committed to maintaining dialogue with different political parties and people to gain their support for policy proposals. As such, there was no question of differentiation between close and distant relationships.

3.18 Noting that the provision of resources set aside for the promotion of the Basic Law would be increased two-fold to \$16 million in 2008-2009, Mr Ronny TONG sought details on the related work with breakdown of the proposed expenditure. He considered that while there should be no dispute about the concept of "One Country", there might be different interpretations on the implementation of "Two Systems" which should be delineated properly in the public arenas.

3.19 SCMA informed members that in 2008-2009, the Administration was going to adopt a three-pronged approach in promoting the Basic Law. In gist, the electronic media would be used as the key publicity channel, and planned programmes included TV documentary and Announcement of Public Interests. Moreover, the public understanding of the Basic Law would be enhanced through lively and interactive activities held at the district level. To reach out to the various sectors and youth groups, the co-operation with schools and community groups in organizing promotional activities would also be strengthened. The sponsorship for these activities would be increased from \$1 million in 2007-2008 to \$5 million in 2008-2009. The government promotional activities and sponsorship items in this respect would be reported to the Basic Law Promotion Steering Committee which was chaired by the Chief Secretary for Administration. SCMA highlighted the importance of the "Two Systems" concept which had enabled Hong Kong to join international organizations, such as the World Trade Organization, enter into bilateral agreements, and engage in negotiations for multilateral treaties.

3.20 Mr Ronny TONG sought further details about the assessment of Basic Law knowledge in civil service recruitment. In response, SCMA advised that for the purpose of increasing public awareness of the Basic Law and promoting a culture of learning of the Basic Law in the community, all candidates applying for civil service jobs to be advertised from 1 September 2008 onwards would also be assessed on their Basic Law knowledge. He assured members that the Civil Service Bureau would make available sample questions and answers on its website for reference by the public.

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Taiwan-related matters

3.21 Mr WONG Kwok-hing welcomed the initiative of allocating a provision of \$1.5 million for promoting exchanges between Hong Kong and Taiwan. He considered that Hong Kong should play a more proactive role in enhancing cross-strait relations, and expressed concern about the adequacy of resources for the purpose.

3.22 SCMA highlighted that in the past few years, the HKSAR Government had received quite a number of Taiwan officials, academics, as well as individuals and organizations from the political circles and different sectors in Taiwan, including those from the Pan-Blue camp and Pan-Green camp. Having regard to the improvement in cross-strait relations, the Administration would seek to co-ordinate liaison with Taiwan organizations in HKSAR more proactively. He advised that the Administration had proposed to increase the provision to \$1.5 million in 2008-2009 for promoting exchanges between the two places, including co-organizing seminars and other activities. SCMA further advised that the Hong Kong Trade Development Council (TDC) intended to set up an office in Taiwan to enhance economic and trade co-operation between Hong Kong and Taiwan.

3.23 Mr WONG Kwok-hing made reference to the media report that Mr MA Ying-jeou, who had recently won the election in Taiwan, had expressed hope that he could return to his birthplace, Hong Kong, after being refused entry three years ago. He asked what action the Administration would take in respect of Mr MA's remark.

3.24 Mr CHEUNG Man-kwong raised similar concern and expressed regret that Hong Kong had previously refused the entry of Mr MA Ying-jeou who was well-liked by Hong Kong people. He noted that while Mr MA had openly expressed disagreement to the implementation of "One Country, Two Systems" in Taiwan, Mr MA supported peaceful development of cross-strait relationship. Mr CHEUNG asked whether the Administration would invite Mr MA to visit Hong Kong with a view to, inter alia, briefing him on the implementation of "One Country, Two Systems" in Hong Kong.

3.25 SCMA advised that the HKSAR Government maintained an open mind in receiving individuals and organizations of different political backgrounds in Taiwan, and cited the visits of Mr LIEN Chan, former Chairman of the

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Kuomintang, to Hong Kong in recent years. SCMA stressed that the Administration had been actively promoting the liaison and economic co-operation between Taiwan and Hong Kong across different sectors. Now that Mr MA Ying-jeou had won the recent election in Taiwan, SCMA believed that the Central Government would attach great importance to any future visit by Mr MA to Hong Kong.

3.26 Mr CHEUNG Man-kwong expressed dissatisfaction with the Administration's reply. He questioned the need for HKSAR to look to the Central Government for a decision in inviting Mr MA Ying-jeou to visit Hong Kong. He considered it a mistake for Hong Kong to have refused the entry of Mr MA when he was the Mayor of Taipei.

3.27 SCMA remarked that Mr MA Ying-jeou had previously visited Hong Kong and even met with the former Chief Executive. The Government would continue to promote actively the liaison between Taiwan and Hong Kong and take the initiative to invite individuals from Taiwan to visit Hong Kong. SCMA said that he would not comment on individual applications for entry permits to Hong Kong, but he believed that decisions were taken with regard to the circumstances at the time.

3.28 Mr SIN Chung-kai did not agree that the Administration had been taking a proactive role in the liaison between Taiwan and Hong Kong. He criticized the Administration for its slow response to the development of closer liaison between Taiwan and the Mainland, given that the role of Hong Kong as a middle-man would gradually fade out subsequent to the realization of Three Direct Links. He considered that Hong Kong should seek to build closer connection with Taiwan, in particular in respect of economic and trade ties. Mr SIN was of the view that the allocation of \$1.5 million to promote exchanges between the two places was just too little to achieve anything. Noting that TDC intended to set up an office in Taiwan, Mr SIN considered that Hong Kong should establish a higher-level official body there, such as an Economic and Trade Office (ETO).

3.29 SCMA did not subscribe to Mr SIN's view that the Administration was inactive or slow in responding to Taiwan-related matters. He recalled that as far back as June 2006, he had received a group of Taiwan visitors of different political parties who came to attend a local forum. While the Administration could give consideration to the suggestion of setting up an ETO in Taiwan bearing

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in mind the "Qian's Seven Principles", the "One-China" principle and the Basic Law, SCMA highlighted the role of TDC as a quasi-government body and its contribution in creating opportunities in international trade for Hong Kong companies.

3.30 Noting that many local people of different political background had visited Taiwan recently to observe the recent election there, Mr SIN Chung-kai enquired whether the Administration would consider inviting Taiwan politicians to come to Hong Kong to observe the LegCo Election in September 2008. SCMA stressed that all elections in Hong Kong were held according to the law in an open, fair and impartial manner. All along, the Administration had not invited anyone outside Hong Kong to observe elections held in Hong Kong. It would be the individuals' or organizations' own decisions as to whether they wished to come to Hong Kong.

Rights of individuals

3.31 Ms Emily LAU was concerned about the low level of resources allocated for promoting the rights of individuals. She cited that in 2008-2009, the estimated expenditure for promoting children's rights and equal opportunities for people of different sexual orientations was about \$1 million and \$1.5 million respectively, and only \$5.4 million and less than \$1 million were reserved for conducting publicity and training/education programmes by EOC and PCPD respectively. Ms LAU expressed concern that certain committees/groups under the Home Affairs Bureau tasked to promote human rights seemed to have ceased operation, and that the Government had discontinued commissioning the University of Hong Kong (HKU) to conduct public attitude surveys on equal opportunities and human rights.

3.32 SCMA advised that there was an overall increase in the financial provision for promoting human rights and related work in 2008-2009. The total provision allocated for Programme (4): Rights of individual and Programme (5): Subvention for EOC and PCPD for 2008-2009 was \$7 million more than that in last year. Moreover, a new commitment of \$16 million had been earmarked as the operating expenses for the four support service centres for ethnic minorities. SCMA stressed that while the main priority of CMAB in the coming year was to assist the Bills Committee in the scrutiny of the Race Discrimination Bill, the Bureau would continue its work on promoting children's rights and equal opportunities for people of different sexual orientations. CMAB would continue

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to maintain dialogue with relevant community groups and human rights organizations through established fora, such as the Children's Right Forum and the Sexual Minorities Forum. On the discontinuation of the surveys conducted by HKU, SCMA said that it was a decision of the Committee on Promotion of Civic Education. Nevertheless, EOC would continue to conduct surveys and research studies on issues relating to discrimination and equal opportunities where necessary.

3.33 Dr Fernando CHEUNG expressed concern that despite the fact that a motion was passed by LegCo in June 2007, the Government had not set up a Commission on Children to safeguard the well-being of children in Hong Kong. SCMA said that the Family Council would study children development and related issues. Nevertheless, CMAB would continue to sponsor the Children's Council held by non-governmental organizations.

3.34 Dr Fernando CHEUNG was concerned about the support services provided for Hong Kong families with members living across the boundary, in particular those children who had to travel across the boundary everyday to attend school. He sought information on the resources earmarked to support these families to facilitate their integration with the local community.

3.35 SCMA informed members that an Expert Group on Social Welfare Co-operation, which was co-led by the Labour and Welfare Bureau of HKSAR Government and the Department of Civil Affairs of Guangdong Province, was set up under the framework of the Hong Kong/Guangdong Co-operation Joint Conference. Some social service organizations in Hong Kong also provided self-financed services to those Hong Kong families staying in the Province. Moreover, GDETO had provided financial sponsorship to a project, organized for these families by the Hong Kong Federation of Trade Unions. The International Social Service Hong Kong Branch was also appointed to help implement and monitor the Portable Comprehensive Social Security Assistance (PCSSA) Scheme to ensure that the elderly PCSSA recipients, who chose to retire in Guangdong or Fujian Province, would still be able to receive the benefit. SCMA advised that the Education Bureau had facilitated the arrangement of cross-boundary school bus services for Hong Kong children who needed to travel from across the boundary to attend school in Hong Kong.

Chapter III : Constitutional and Mainland Affairs

Support services for ethnic minorities

3.36 Miss TAM Heung-man noted that the Administration planned to set up four support service centres for ethnic minorities and \$16 million had been earmarked as the operating expenses of these centres for the coming year. She enquired about the policy objectives as well as the scope and types of services to be provided at these centres.

3.37 SCMA advised that in recognition of the needs of ethnic minorities and to complement the forthcoming enactment of the Race Discrimination Bill, the Administration would set up, on a trial basis, four support service centres in strategic locations in the territory, especially in areas with high concentration of ethnic minority population. The Administration's initial plan was to provide two in the New Territories, one in Kowloon and one on Hong Kong Island. The support service centres would provide interpretation services for ethnic minorities using public services, such as health care services, job centres and social welfare services. These centres would also organize Chinese and English language courses and other activities to help ethnic minorities integrate into the community. In the light of future operational experience and subject to the outcome of a review of the cost-effectiveness of the support services centres, the Administration would consider the need for additional resources to expand the services with a view to facilitating early integration of ethnic minorities and promoting racial harmony within the community.

3.38 In reply to Dr Fernando CHEUNG's further question, SCMA said that depending on the need in different areas, the Cantonese or English language classes organized by the centres could be open to new arrivals from the Mainland.

Equal Opportunities Commission

3.39 Miss TAM Heung-man expressed concern about the cost-effectiveness of the resources allocated to EOC. Noting from media reports that the current Chairman of EOC had allegedly over-claimed expenses for his overseas duty visit when he was serving in the Office of PCPD, she asked about the Administration's measures to ensure that the expenditure of EOC would be value for money.

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3.40 SCMA advised that CMAB also attached importance to the cost-effectiveness of the work of EOC and the Office of PCPD. He noted that they were independent statutory bodies and EOC was subject to the control and supervision of its governing board. They were also subject to monitoring and audits by the Director of Audit. He further advised that the subvention provided to EOC for 2008-2009 was \$73.5 million, which was the same as the revised provision for 2007-2008. Under the existing policy and institutional framework, CMAB would oversee the performance of EOC, which should ensure the judicious use of its resources and, according to the statutory requirements, report the details of major expenditures to its governing board. Miss TAM Heung-man suggested that the Director of Audit should consider conducting a value-for-money audit for the Office of PCPD.

Chapter IV : Communications and Technology

4.1 At the Chairman's invitation, Mr Frederick MA, Secretary for Commerce and Economic Development (SCED), briefed members on the key areas of work of the Communications and Technology (CT) Branch of the Commerce and Economic Development Bureau (CEDB) for the 2008-2009 financial year (Appendix IV-3).

Radio services for passengers on board MTR trains

4.2 Referring to the SCED's opening remark that the Radio Television Hong Kong (RTHK) would keep up its efforts in providing quality broadcasting services, Mr WONG Kwok-hing expressed regret that the public was unable to listen to RTHK programmes while on board MTR trains because the MTR Corporation Limited (MTRCL) was reluctant to pay out \$100 million for installing transmission cables and equipment for reception. Given that the Government was the major shareholder of MTRCL with representatives sitting on the MTRCL Board of Directors, and that the Shatin to Central Link (SCL), the South Island Line (SIL), and the extended West Island Line (WIL) were either Government-funded or Government-sponsored rail-plus-property developments, Mr WONG considered that the Government should be responsible for ensuring quality reception of RTHK radio broadcasts on MTR lines. He enquired what measures the Government would put in place to ensure provision of radio services on MTR lines, and urged that this item should be included as one of the policy work areas for the 2008-2009 financial year.

4.3 SCED responded that it was a matter for the MTRCL management to resolve any technical barrier to enable reception of the territory-wide broadcasting services of RTHK on MTR lines. He undertook that the Government representatives on the MTRCL Board of Directors would convey Mr WONG's concern to the MTRCL management. The Acting Director of Broadcasting (D of B (Atg)) said that RTHK management was ready to discuss with MTRCL the technical requirements and transmission facilities for reception of radio broadcasts along the proposed SCL, SIL, WIL and existing MTR lines.

Development of digital audio broadcasting in Hong Kong

4.4 Mr SIN Chung-kai noted with concern that while digital audio broadcasting (DAB) technology had been available for some time and its technical viability was proven during the trials conducted by RTHK, no provision had been made in the 2008-2009 financial year for RTHK to provide DAB

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services. He observed that despite the Administration's proclaimed policy of supporting the introduction of innovative broadcasting services, there were no concrete measures planned or financial resources earmarked to facilitate the digitalization of radio broadcasting. It seemed that the Administration had merely adopted a market-led approach and reserved necessary frequency spectrum for the development of digital radio services. Mr SIN considered that the Administration should take a leading role to proactively facilitate and promote the development of DAB in Hong Kong. He sought details on the Administration's plan and initiatives, if any, to promote DAB and to facilitate the existing radio broadcasters in adopting such technology.

4.5 The Permanent Secretary for Commerce and Economic Development (Communications and Technology) (PS(CT)) stressed that the Administration had all along upheld the policy of facilitating the adoption of new and innovative services and had pioneered the adoption of digital broadcasting technology. She said that RTHK, being a wholly Government-funded department, had participated in the technical trial and development of digital radio services in Hong Kong. The overall allocation to RTHK for the 2008-2009 financial year would be increased to fund equipment and facilities for the provision of digital TV and radio programmes. PS(CT) further explained that technological advances and media convergence in the electronic communications sector had blurred the boundaries between telecommunications and broadcasting, and was also gradually transforming the conventional sector-based markets into a cross-sector multi-media market. Media convergence had opened up opportunities for more content and programming choices for the viewing public. To keep pace with technological and market development, the Government had decided to put forth a policy framework to promote the development of mobile TV services. A three-month public consultation on the introduction of broadcast-type mobile TV services which also allowed the introduction of DAB services, was being conducted by CEDB and the Office of the Telecommunications Authority. The consultation would end in April 2008. A flexible approach was proposed where operators, while developing mobile TV services, would be allowed to use a maximum of 50% of the transmission capacity for the provision of DAB and other ancillary services. D of B (Atg) supplemented that RTHK had submitted its views in the context of the public consultation on the implementation framework of mobile TV services and development of DAB. As digitalization of radio broadcasting involved matters, such as government policies, resources and broadcasting bandwidths, RTHK would discuss with CEDB the related policy implications and the way forward.

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4.6 Dr KWOK Ka-ki queried whether the digitalization of radio broadcasting was delayed because of the review of the development of public service broadcasting (PSB) and the future of RTHK. He was gravely concerned that despite years of discussions leading to the general consensus that digitization would increase spectrum efficiency, DAB development remained stagnant due to political consideration. He opined that that amid claims of Hong Kong being a leading digital city, the Administration should be ashamed of itself for trailing behind other developed economies in terms of sound broadcasting.

4.7 PS(CT) remarked that Hong Kong had been at the forefront of telecommunications development and enjoyed high IT penetration as compared to many economies. Cable and satellite TV services in Hong Kong had been digitized and Hong Kong was taking the lead in the adoption of Internet Protocol Television technology with over one million subscribers. With the official launch of digital terrestrial television service in end-2007 by the two free television broadcasters, Hong Kong had entered into the new era of digital television. In view of the global trend towards media convergence, PS(CT) said that technological convergence had allowed video and audio contents to be delivered digitally and simultaneously in the same frequency spectrum for reception by hand-held devices. Given the trend of converging video and audio services, she believed that instead of confining reception of audio broadcasts through a digital radio set, the public would welcome the convenience of converged reception of audio-visual broadcasting, interactive, and datacasting services in a simple mobile hand-held receiving device. As regards set-top boxes, PS(CT) anticipated that the price range would likely to trend down further as technological advances would bring in a wider variety of receiver products with additional features, services, and functionality at lower prices.

Radio Television Hong Kong

4.8 On the financial provision for RTHK under Head 160, Ms Emily LAU noted that while the total provision of \$490.8 million for 2008-2009 was 7.6% higher than the original estimates of \$456.1 million for 2007-2008, the revised estimates for 2007-2008 was reduced by 5.1% to \$433 million. She sought explanation on the reasons for the underspending in 2007-2008, and raised concern about the longer-term office accommodation needs of RTHK and whether the facilities and equipment installed at the existing headquarters many years ago were outdated.

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4.9 D of B (Atg) explained that the decrease in the revised estimates for 2007-2008 was mainly due to decrease in capital expenditure arising from the slower than expected progress in the procurement of major capital equipment. The provision for Capital Account in 2008-2009, however, would be increased mainly for the supply and installation of capital equipment for the production of high definition TV programmes. Equipment and facilities would be replaced and upgraded by phases to tie in with the time required for the procurement and installation of equipment. On the proposed reprovisioning of RTHK's facilities and offices at different locations to a new purpose-built Broadcasting House at Tseung Kwan O, D of B (Atg) advised that the reprovisioning project was held in abeyance in 2003 because of the need to contain Government expenditure after the economic downturn in 2003. The planning and taking forward of the reprovisioning project would depend on the overall future development of RTHK.

Time-frame for consultation on public service broadcasting

4.10 Ms Emily LAU expressed disappointment over the delay in the release of the long-awaited consultation paper on PSB, including issues related to the future of RTHK. She was gravely concerned that in the absence of a concrete time-table, the consultation would be held up indefinitely, to the detriment of staff morale at RTHK.

4.11 On the time-frame for public consultation, SCED said that the recommendations put forth by the Committee on the Review of PSB chaired by Mr Raymond WONG had raised a wide range of issues which required careful consideration. In view of the complexity and sensitivity of the issues involved, and for various reasons as explained previously in Legislative Council (LegCo) and at meetings of the Panel on Information Technology and Broadcasting, the Administration was not in a position to commit to a time-table at the present stage. He nevertheless assured members that the Administration would continue to review the future development of PSB and make the best efforts to finalize the consultation paper within a reasonable time-frame. A public consultation exercise would be conducted to widely consult LegCo Members, the public and other stakeholders in due course. SCED was confident that RTHK staff would keep up their professionalism and efforts in providing the community with quality broadcasting services. D of B (Atg) affirmed that RTHK staff would continue to perform their duties with professionalism.

Promoting national education

4.12 Mr CHEUNG Man-kwong noted the increasing influence of both commercial TV and school educational television (ETV) on today's youngsters. Referring to a 12-episode TV documentary shown on the China Central Television entitled "大國崛起(The Rise of Nations)", which gave an historical account of how the United States, United Kingdom, Japan, Germany and Russia rose to become the world's most powerful nations, Mr CHEUNG Man-kwong asked whether the Government would consider funding RTHK or, as an ETV programme initiative, to produce similar programmes featuring the history of China to promote national and general education. He said that an objective, impartial and true historical presentation of Chinese history with input from historians from China, Hong Kong and Taiwan would enhance the understanding of the younger generation and Hong Kong citizens of our nation.

4.13 In reply, SCED advised that educational programmes accounted for 27% of the 570 programme hours of annual television production by RTHK in 2008-2009. D of B (Atg) supplemented that RTHK's radio, television, ETV and RTHK ON INTERNET services had covered a number of topics related to national education. She referred members to RTHK's various programme initiatives on promoting national education in 2008-2009 as detailed in the reply (serial no. CEDB(CT)081) to question serial no. 2069. She cited for example the RTHK radio programme entitled "五十年後(Fifty Years Later)" on the development of China which was on air around the time of "大國崛起(The Rise of Nations)". The RTHK TV programme "南京說 - 大屠殺七十年(The Nanjing Massacre)", which was awarded the most highly recommended programme in 2007 by a Professional Panel comprising members from China, Hong Kong and Taiwan, had been re-formatted to webcast online for educational purposes for use by schools and non-profit making organizations.

4.14 Mr CHEUNG Man-kwong opined that instead of making piecemeal efforts to promote national education, RTHK should make national education one of its major programme areas and produce programmes that Hong Kong people would be proud of. He asked whether the Administration would provide sufficient financial resources for RTHK to produce national education programmes which commercial broadcasters might not be interested. Recognizing the importance of national education, SCED noted Mr CHEUNG's suggestion and said that programme proposals and funding requests put in by

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RTHK would be examined and considered in accordance with the established procedures.

Film services and Film Development Fund

4.15 Mr Ronny TONG expressed concern that there were criticisms from the local film industry about the vetting procedures of and eligibility criteria for the Film Development Fund (FDF), which was to provide funding support to small-to-medium budget films. He sought details of the applications approved so far, and asked whether the Administration would review the scheme to relax its eligibility criteria, and to streamline the application and vetting procedures so that more film productions could benefit from FDF. Noting that in return for FDF's funding support, the Government would be entitled to cost recouping and profit sharing on the film commensurate with the Government's share of contribution, Mr TONG suggested that consideration should be given to increasing the ceiling of FDF funding assistance per film.

4.16 SCED advised that the Finance Committee (FC) had approved an injection of \$300 million into FDF in July 2007 to promote and support the sustainable development of the local film industry as a flagship of the vibrant creative industries in Hong Kong. He elaborated that the funding support was targeted at small-to-medium film productions and FDF would contribute up to 30% of the production budget. The Film Development Council had started to receive applications in late 2007, and two film projects involving FDF funding totalling \$5.2 million had been approved by end-February 2008. While recognizing that the industry might consider the vetting procedures and assessment criteria restrictive and cumbersome, SCED appealed to members for their understanding of the need to strike a balance between promoting the development of the local film industry and ensuring proper use of public money. He highlighted that the financial commitment and the funding mechanism, including the related procedure and vetting criteria, had been discussed at the meeting of the Panel on Information Technology and Broadcasting and approved by FC. A review would be conducted two years after implementation to assess the effectiveness of the funding scheme. The Commissioner for Television and Entertainment Licensing (C for T&EL) supplemented that since the launch of the funding scheme in end-2007, a number of briefing sessions had been conducted to enhance the industry's understanding of the scheme including the application procedures, and to promote the use of the scheme.

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Review of the provisions of the Control of Obscene and Indecent Articles Ordinance

4.17 Miss TAM Heung-man said that there was widespread public concern about the recent incidents of publication of objectionable materials on the web, in particular the regulation of objectionable Internet content and the enforcement actions. While the Administration undertook to conduct a comprehensive review of the provisions of the Control of Obscene and Indecent Articles Ordinance (Cap. 390) (COIAO), Miss TAM noted that no additional provision had been earmarked in 2008-2009 for the Television and Entertainment Licensing Authority (TELA) to improve the enforcement of COIAO and to strengthen the existing regulatory regime and the current classification mechanism. She sought clarification as to whether the Government would provide additional resources to enhance the regulation and control of objectionable materials.

4.18 C for T&EL acknowledged that there were more complaints about publication of obscene and indecent articles on the Internet recently. She said that TELA was acutely aware of the community's concern about the prevalence of indecent/obscene Internet content easily accessible by young people and students. She assured members that TELA would deploy additional resources to strengthen the regulation of Internet content, and step up publicity and education on the positive use of the Internet and the wider use of filtering software. Regular talks and seminars to enhance students' awareness of the COIAO and on the use of filtering software had been organized for students and parents in collaboration with school authorities, non-governmental organizations and parent groups. To reduce the chances of youngsters gaining access to indecent/obscene materials on the Internet, filtering software and DVD-ROMs on the "Proper use of the Internet" were distributed free of charge during promotion and publicity activities. C for T&EL said that TELA would continue its publicity and education efforts in 2008-2009 with particular emphasis on promoting the use of filtering software to parents, including the launch of the "Promoting the Use of Filtering Software" subsidy programme to guide parents on how to monitor the web surfing habit of their children.

Research and development

4.19 Miss TAM Heung-man welcomed the proposed one-off grant of \$18 billion to establish a Research Endowment Fund (REF) for financing appropriate research projects on specific themes. She sought details on the

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operation of REF and expressed concern whether the stringent eligibility criteria and assessment procedures would restrict the effective use of REF.

4.20 The Commissioner for Innovation and Technology (C for IT) explained that REF and a major proportion of its investment earnings would replace the existing Government annual funding to the Research Grants Council of the University Grants Committee (UGC) to support research at UGC-funded institutions. Part of the funds would be used to finance appropriate research projects on specific themes. The Education Bureau was discussing with UGC the operational details, including the eligibility criteria and assessment procedures. Relevant information would be provided when seeking funding approval from FC at a later stage. As regards applications for the Innovation and Technology Fund administered by the Innovation and Technology Commission, project proposals would be examined by an assessment panel having regard to a set of established vetting criteria. C for IT said that funding applications had to be examined by a vetting committee to ensure effective and proper use of public money. Some applications, however, had taken a longer time to complete vetting as applicants had been slow to respond to follow-up questions raised by the vetting committee. He stressed that the vetting mechanism and the criteria were reviewed from time to time to ensure smooth processing of funding applications.

Electronic Health Record Sharing

4.21 Dr KWOK Ka-ki expressed disappointment at the lack of progress in the development of a territory-wide electronic health record (eHR) sharing infrastructure. He noted with concern that despite discussions in the past three years, no provision had been made for the procurement and maintenance of hardware and software in the 2008/09 estimates. He sought details on the progress and the time-table, if any, for the launch of the eHR initiative. The Acting Government Chief Information Officer advised that a steering committee with members drawn from the healthcare professions in both the public and the private sectors and chaired by the Permanent Secretary for Food and Health (Health) had been set up in 2007 to take forward the eHR initiative. Three working groups with co-opted members in both the public and the private healthcare sectors and IT experts had been set up with a view to formulating initial recommendations for a road map and work programme for the development of eHR. The fundamental issues to be examined included the institutional set-up, legal implications, privacy concerns, technical standards, and the training of healthcare practitioners relating to the development of an eHR sharing

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infrastructure. Details on the road map and work programme would be publicly announced once finalized. He added that the Hospital Authority had commenced the upgrading of its Clinical Management System. Funding would be allocated in 2008-2009 for related projects on public-private interface and patient record sharing to prepare a platform that could be leveraged on for the further development of eHR in the private sector.

Other issue

4.22 Mr Ronny TONG enquired the reasons for the increase in the revised estimates of recurrent operational expenses under Head 152 Subhead 000 for 2007-2008. The Administration undertook to provide the reasons and a breakdown on the items with an increase in the revised provision.

Chapter V : Commerce, Industry and Tourism

5.1 At the invitation of the Chairman, Mr Frederick MA, Secretary for Commerce and Economic Development (SCED), briefed members on the key areas of work of the Commerce, Industry and Tourism Branch of the Commerce and Economic Development Bureau (CEDB) for the new financial year (Appendix IV-4).

Competition policy

5.2 On the Administration's plan to issue a consultation paper on the detailed proposal for a cross-sector competition law, Mr Ronny TONG enquired whether the consultation would cover the establishment of a Competition Commission, and the estimated resources for setting up the Commission.

5.3 The Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (PS(CIT)) advised that the Administration had appointed a consultant to study, inter alia, the regimes adopted by overseas jurisdictions, and provide expert advice on issues relating to the development of competition law. The cash flow requirements for the consultancy study for 2007-2008 and 2008-2009 were estimated to be approximately \$10 million and \$6 million respectively. Based on the outcome of the study, a consultation document on the proposed competition law would be issued before mid-2008. The consultation would cover the proposed establishment of a Competition Commission, which would consist of a two-tier structure, including an executive arm. Taking into account public views on the consultation, the Administration would introduce a Competition Bill into Legislative Council (LegCo) in the 2008-2009 legislative session. After the passage of the Bill, the Administration would proceed with the establishment of a Competition Commission and work out the resources required for it.

5.4 Miss TAM Heung-man queried whether the delay in introducing a competition law in Hong Kong was due to the objection from the trade and industry. She was keen to ensure that a concrete plan would be drawn up and resources would be earmarked for the drafting of the competition law.

5.5 SCED responded that the Administration had no intention to delay the introduction of the competition law in Hong Kong. Despite there were diverse views in the community on the issue, the Administration intended to release its proposals as soon as possible for public discussion before introducing a Competition Bill into LegCo. On resource allocation, he pointed out that it was

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the Administration's established practice that resources required for drafting legislative proposals were absorbed by the provisions of respective bureau. In the event that the additional workload generated from the legislative exercises could not be absorbed or fully absorbed by the respective bureau, additional resources would then be sought from the Finance Committee, as in the case of the merger of the Mass Transit Railway and Kowloon-Canton Railway systems.

Consumer protection

5.6 Mr Ronny TONG expressed concern about the lack of a comprehensive legal and institutional framework for consumer protection. He enquired about the Administration's plan to strengthen regulatory control in this regard, including enhancement of consumer protection in the service market.

5.7 SCED replied that in end February 2008, the Consumer Council (CC) completed a comprehensive review of the existing consumer protection legislation and submitted a report to CEDB. The Administration planned to issue a consultation document to canvass public views on the way forward to enhance consumer protection by end 2008.

5.8 Noting the Administration's plan to review the existing consumer protection legislation, Mr WONG Kwok-hing noted with concern that the estimated subvention for CC in 2008-2009 would only be slightly increased by 1.1% as compared with the 2007-2008 revised estimate. He questioned if consideration would be given to increasing CC's subvention so that it could cope with the increased workload resulting from the new legislation.

5.9 SCED responded that public resources were allocated according to the established resource allocation mechanism, and the resources for CC in 2008-2009 were allocated according to such mechanism and based on CC's need.

5.10 Mr WONG Kwok-hing expressed grave concern about the sharp increase of the price of rice in recent days. He enquired about the Administration's policies to ensure a stable supply of rice in Hong Kong to prevent unscrupulous rice traders from manipulating the market.

5.11 In reply, SCED pointed out that Thailand and Australia were the major sources of rice imported to Hong Kong. The recent price surge was due to the unfavourable exchange rate of the Hong Kong dollar and poor harvests in

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some rice exporting countries. He assured members that there was a mechanism to ensure a stable supply of rice in Hong Kong, whereby rice importers were required to keep a reserve stock sufficient for local consumption for 15 days under the Reserved Commodities Ordinance (Cap. 296). As a free market, Hong Kong imported rice from different exporting countries and sources, and the market force had been effective in forestalling profiteering from market fluctuation by unscrupulous rice merchants. Moreover, Premier WEN Jiabao had announced earlier that the Central Government would guarantee the supply of rice to Hong Kong.

Copyright protection

5.12 Mr Ronny TONG said that following the enactment of the Copyright (Amendment) Ordinance 2007 in June 2007, certain provisions, notably the new liabilities, would be implemented by stages. He enquired if additional resources would be allocated to the relevant bureaux/departments for stepping up efforts on law enforcement and investigation in this regard.

5.13 The Deputy Secretary for Commerce and Economic Development (Commerce & Industry)² advised that while operations to enforce and investigate copyright infringement cases were under the purview of the Customs and Excise Department (C&ED), CEDB had worked closely with the Intellectual Property Department and C&ED to launch publicity and public education activities to enhance public awareness and understanding of the new criminal liabilities under the Copyright Ordinance (Cap. 528). Additional resources had been earmarked in 2007-2008 and 2008-2009 for such publicity and public education efforts. The Commissioner of Customs & Excise supplemented that the Intellectual Property Investigation Bureau and Special Task Force of the department were responsible for enforcement of Intellectual Property Rights related laws. The two divisions together had some 400 officers. C&ED would initially deploy existing resources to enforce the new provisions. Subject to operational need, request for additional resources, if deemed necessary, would be pursued according to the established mechanism.

Facilitation measures for the wine industry

5.14 Mr Tommy CHEUNG referred to the Financial Secretary (FS)'s announcement made in his Budget Speech on 27 February 2008. He expressed support for FS's proposal to exempt the duties on wine, beer and all other

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alcoholic beverages except spirits with immediate effect. He was keen to ensure that enough wine cellars would be developed to promote wine trading and distribution businesses. While he was aware that factory buildings were potential premises for setting up wine-related businesses, he enquired if the Administration would consider providing Government land and premises, such as air-raid shelters, for the purpose of wine storage. Furthermore, to give an impetus to the sustainable and stable development of the wine industry, he suggested that the Administration should consider repealing the legislative provisions pertaining to the collection of duty for wine altogether.

5.15 While undertaking to convey Mr CHEUNG's suggestion to FS for consideration, SCED observed that the initial response from the wine industry was very encouraging thus far, judging from the news on plans to expand businesses related to the trading, storage and auction of wine in Hong Kong after the announcement of FS's proposal. The Administration would vigorously examine with industry players possible facilitation measures in areas, such as manpower training and storage facilities, with a view to developing Hong Kong into a wine distribution hub of the Asia-Pacific Region. According to his understanding, the proper storage of fine wine required certain specified conditions in terms of temperature and humidity control as well as avoidance of vibrations. Some industrial buildings were currently being used for wine storage purpose. The Administration would examine the feasibility of providing premises, including the air-raid shelters, for the development of wine cellars. PS(CIT) supplemented that an in-depth study had been conducted several years ago to identify whether and which air-raid shelters would be suitable for accommodating the needs of the wine industry. She remarked that industrial buildings could also be converted for wine storage purpose after some alterations. The Administration would keep in view the industry's needs and explore ways to help develop the wine industry.

5.16 Mr Albert CHAN welcomed the Administration's initiative to exempt wine duties. However, he did not consider that industrial buildings were suitable for conducting wine-related activities. He suggested that the Administration should consider developing the rural townships and villages which would, on one hand, achieve the mission to develop Hong Kong as a wine centre, and on the other, boost the local economy. He also urged the Administration to formulate complementary measures to create an enabling environment for the community and small and medium enterprises (SMEs) to ride on the mission to develop Hong Kong as a regional hub for conducting wine-related activities.

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5.17 SCED noted Mr CHAN's suggestion and assured members that wine traders of different establishment size, including SMEs, had been operating their businesses in Hong Kong and maintained venues suitable for conducting various wine-related activities. To facilitate the healthy development of the wine industry, the Administration was mindful that an enabling environment should be created, for instance, by way of providing tax concession and creating a critical mass of wine professionals. As he understood it, two wine fairs were in the pipeline for May and August 2008 aiming at attracting industry players from all over the world to Hong Kong. The Administration would keep in view the further development of wine-related business in Hong Kong and formulate suitable facilitation measures accordingly.

5.18 Miss CHAN Yuen-han sought information on the preparedness of the training institutions, such as the Employees Retraining Board and Vocational Training Council, in providing manpower training to complement the development of wine trading and distribution businesses in Hong Kong.

5.19 In reply, PS(CIT) advised that close liaison (including a meeting to be convened later the same day) among the Administration, training institutions and the wine industry would be maintained to canvass views on the manpower training required to facilitate development of Hong Kong as a wine centre in the region.

Support measure for convention and exhibition industry

5.20 Mr CHAN Kam-lam noted that the Administration proposed to allocate an additional \$30 million to the Hong Kong Tourism Board (HKTB) for providing one-stop professional support for Meetings, Incentives, Conventions and Exhibitions (MICE) events in 2008-2009. In this connection, he pointed out that the Hong Kong Trade Development Council (HKTDC), the operator of the Hong Kong Convention and Exhibition Centre (HKCEC), had long urged for the expansion of HKCEC. As the Phase III expansion of HKCEC had yet to be pursued, he was keen to ensure that resources would be allocated to make possible more exhibition space for HKTDC to stage events as an interim measure.

5.21 In response, SCED stressed the importance of the convention and exhibition industry to the economy of Hong Kong and advised that subsequent to the FS's announcement in his recent Budget Speech about the additional \$150 million earmarked to carry out MICE activities in the next five years, the

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Administration had invited HKTB to co-ordinate and provide one-stop MICE services aiming at achieving the mission to promote Hong Kong as the premier destination for MICE in the Asia Pacific Region. On exhibition space, while pointing out that the Atrium Link expansion project would increase the rentable exhibition space of HKCEC by about 40%, he assured members that the Administration would actively consider how best the infrastructure of the convention and exhibition industry should be developed, including Phase III development of HKCEC.

Assistance to Hong Kong enterprises operating in the Mainland

5.22 Miss CHOY So-yuk expressed grave concern about the difficulties encountered by Hong Kong enterprises, in particular SMEs, operating in the Mainland. She pointed out that they had encountered practical difficulties, such as labour claims and sabotage, due to the different interpretations of the new Mainland legislation on employment protection. She criticized the Administration for its failure to assist Hong Kong enterprises to upgrade and restructure their operations, and also to solve the practical difficulties they were facing. In this respect, she sought information on the appropriate channels that could render assistance to Hong Kong enterprises in distress.

5.23 In reply, SCED stressed that the Administration had all along attached importance to the needs of Hong Kong enterprises operating in the Mainland, and to render appropriate assistance to those in need. While close communication with the major chambers of commerce had been maintained, Hong Kong businessmen in distress could approach the Trade and Industry Department (TID) as well as Government officials, including PS(CIT) and himself, for assistance. On the challenges faced by the processing industry, he pointed out that it was the national policies to upgrade, restructure and relocate the processing industry. In this connection, the Hong Kong/Guangdong Expert Group on the Restructuring and Upgrading of the Processing Trade had been set up to study the difficulties encountered by Hong Kong enterprises during the course of industrial upgrading and restructuring, and to put forward feasible measures to assist them. For those enterprises which might consider relocating their production plants to other places so as to reduce operating cost that might arise from complying with the national policies to tighten up the regulation of the processing industry, visits had been organized for the trade to study the feasibility of relocating their operations.

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5.24 Mr CHAN Kam-lam opined that apart from conducting visits for business delegations, consideration should also be given to facilitating Hong Kong enterprises to relocate their production base back to Hong Kong, which in his view, was a long-term policy to sustain a healthy development of the local economy. In addition, pointing out that SMEs could secure loans from participating lending institutions for acquiring business installations and equipment under the SME funding schemes, he suggested that more resources should be allocated to the funding schemes so as to benefit more SMEs.

5.25 In reply, SCED explained that visits conducted were targeted at Hong Kong enterprises with a view to assisting them to relocate their operations to other provinces in the Mainland. For those which would consider riding on Hong Kong's advantages in respect of management, brand building and preferential treatment to the Mainland market under the Mainland and Hong Kong Closer Economic Partnership Arrangement, and hence planned to set up their production base in Hong Kong, the Administration had been providing multi-pronged assistance to help them set up their enterprises in the territory. This included the granting of leasable area in industrial estates, measures to increase the maximum amount of loan guarantee and grant per application under the SME Loan Guarantee Scheme and the SME Export Marketing Fund, measures to relax the geographical restrictions of the University-Industry Collaborative Programme to allow research and development work to be conducted outside Hong Kong, and the provision of one-stop consultation services and support facilities for SMEs by TID's Support and Consultation Centre for SMEs.

Tourism promotion

5.26 Noting the Administration's plan to develop high-potential markets, like South Korea and the Philippines, Mr Fred LI sought information on the Administration's plans, in collaboration with the Hong Kong Airport Authority, to leverage low-cost carrier services so as not to lose Hong Kong's tourists to its competitors.

5.27 The Commissioner for Tourism (C for Tourism) advised that she was not in a position to comment on aviation policy. She however assured members that strategic promotional efforts had always been made to boost visitation to Hong Kong. For instance, in view of the prevalence of low-cost carrier services between Hong Kong and London, Hong Kong and Kuala Lumpur, increased air services between Hong Kong and the Netherlands, and new air services between

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Hong Kong and India, promotional efforts had been or would be stepped up for these places. The Executive Director, HKTB (ED, HKTB) supplemented that in view of the increased flights between Hong Kong and Canada, Canada had also become a major target source market on visitor arrivals, and additional internal resources would be allocated to step up tourism promotion in Canada. He also advised that the Indian market would be explored in the second quarter of 2008.

5.28 Noting that HKTB planned to organize mega events riding on Hong Kong's strengths in shopping and dining in 2008-2009, Ms Emily LAU was keen to ensure that events for promoting Hong Kong's culture and heritage would be organized.

5.29 In reply, C for Tourism said that the Administration as well as HKTB had spared no efforts in promoting Hong Kong as a premier destination for all kinds of visitors, including those who appealed to culture and heritage. She cited a pilot scheme implemented in collaboration with major performing arts groups and the tourism sector, and elaborated that the pilot scheme was a new initiative aiming at leveraging Hong Kong's arts and cultural products to enrich visitors' nightlife and travel experience. The objectives of the pilot scheme were to provide a platform to facilitate the communication between performing arts groups and the tourism sector on promotion of Hong Kong's cultural and arts offerings to visitors, upgrade HKTB's website for more effective promotion of upcoming event highlights to travel trade partners and overseas visitors, and enhance the user-friendliness of the existing online ticketing system for Internet booking by travel trade partners and individual overseas visitors to join arts and cultural activities in Hong Kong. She further advised that representatives from the tourism industry were invited to appreciate the arts and cultural performances or rehearsals and to provide their feedback afterwards. The Administration would continue to join hands with the participating performing arts groups and tourism sector representatives to seek improvement to the marketing platform. ED, HKTB supplemented that different promotional strategies would be adopted by HKTB to attract visitors from different places. In general, long-haul visitors were particularly fond of events with strong cultural heritage. As such, comprehensive tourist information ranging from nature walks, cityscape exploration to cultural appreciation activities was provided to them. Among these activities, the Cultural Kaleidoscope programme, which offered itineraries such as heritage tour, Tai Chi and jewellery appreciation classes, was well received by visitors.

Hong Kong Disneyland

5.30 Noting that funding had been earmarked in 2008-2009 for engaging consultants to study the long-term financial arrangement for the Hongkong International Theme Parks Limited, which owned Hong Kong Disneyland, Mr Fred LI enquired if the study would also examine the implications to be brought about by the development of another Disneyland in Shanghai in the near future.

5.31 SCED responded that the construction of another Disneyland in Shanghai, if implemented, would bring in competition and promote the Disney brand to more Mainlanders. Considering that the Mainland was a vast market, which could be further developed, he remarked that it was possible for two Disney theme parks to co-exist in one country, as in the case of the United States. C for Tourism supplemented that the Administration was monitoring the development of major regional tourist attractions, including the proposed Disneyland in Shanghai and other major theme parks in the Pearl River Delta, with a view to devising suitable promotional strategies as well as long-term financial arrangement for Hong Kong Disneyland.

Cruise terminal facilities

5.32 Noting the Administration's pledge to continue to press ahead for the timely development of a new cruise terminal at Kai Tak to meet the future needs of Hong Kong, Miss CHAN Yuen-han expressed concern that there would be insufficient infrastructure and ancillary facilities in Kai Tak to complement the commissioning of the new cruise terminal. She enquired about the Administration's plan in this regard.

5.33 C for Tourism replied that the Administration was dedicated to ensure the timely completion of the berthing facilities and necessary transport infrastructure to complement the commissioning of the new cruise terminal. As regards the overall development of Kai Tak, she advised that the relevant projects were under the purview of the Development Bureau and as far as she understood, their implementation was on schedule.

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Former Marine Police Headquarters

5.34 Miss CHAN Yuen-han noted that a heritage tourism development project for the former Marine Police Headquarters was awarded to the private sector in May 2003; on the other hand seven historic buildings had been included in the Revitalization Historic Buildings Through Partnership Scheme to promote active public participation in the preservation and innovative use of historic buildings in the form of social enterprise. She enquired whether the Administration had any across-the-board heritage conservation policy. She also enquired about the latest position of the former Marine Police Headquarters project.

5.35 C for Tourism replied that the development of the former Marine Police Headquarters was taken forth as a tourism development project, and the Tourism Commission was committed to overseeing its implementation. Based on experience over the past few years, it was apparent that in the preservation of historic buildings, there was a need to consider, apart from the angle of tourism development, the concerns of the local community, such as collective memory, art and culture. The Development Bureau had been looking into the matter and would consider the most suitable approach in taking forth the preservation of these historic buildings.

Resources for HKTB

5.36 Noting that the estimated subvention for HKTB in 2008-2009 would be decreased by about 10% as compared with the 2007-2008 revised estimate, Miss TAM Heung-man was of the view that the performance of HKTB should still be closely monitored by the Administration to ensure that the public fund was put to good use. While the Public Accounts Committee would continue to follow up issues relating to the recent value-for-money audit completed by the Director of Audit (D of A) on HKTB, she sought information on the Administration's plan to monitor the work of HKTB.

5.37 In reply, C for Tourism assured members that the Administration would continue to closely monitor HKTB to ensure the prudent use of public fund. She advised that in the fourth quarter of 2007, the Administration had asked HKTB to review, improve, record and strictly comply with its internal procedures, and follow up closely on the D of A's recommendations and observations. She reported that HKTB had reviewed its existing financial policies and procedures,

including procurement procedures, event management, authorization, structure and tendering processes, with a view to strengthening internal control and enhancing cost-effectiveness. HKTB had also invited the Independent Commission Against Corruption to review its procurement procedures. In addition, the Administration had advised HKTB to deploy more resources to ensure more comprehensive and effective performance of its internal audit so to tighten internal control. These improvement measures were currently at different stages of review and implementation.

Weather information services

5.38 Ms Emily LAU noted with concern that during the period of persistent cold weather in January and February 2008, the accuracy of Day-1 and Day-2 minimum temperature forecasts by the Hong Kong Observatory (HKO) were over 80% while those of Day-3 to Day-7 dropped to about 55%. While expressing concern on whether the accuracy of Hong Kong's weather forecast was on par with the international standard, she was keen to ensure that enough resources would be allocated to HKO to enhance Hong Kong's weather information services, in particular those for the Olympic Equestrian Events in summer of 2008.

5.39 In reply, the Director of HKO explained that Hong Kong was influenced by the weather systems in the region in every direction and hence more difficult than high latitude countries to forecast weather accurately. In general, the shorter the forecast period, the more accurate the forecasts could be achieved. He advised that with the additional resources previously allocated to acquire a high performance computing system, weather forecasting and warning services would be enhanced. The computing system was expected to be commissioned in 2009. He assured members that HKO would continue to explore new technologies which would further enhance weather information services in Hong Kong.

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6.1 At the Chairman's invitation, Professor K C CHAN, Secretary for Financial Services and the Treasury (SFST) briefed members on the proposed budget and major areas of work in respect of financial services in 2008-2009 (Appendix IV-5).

Mandatory Provident Fund system

6.2 Referring to the Budget proposal for making a one-off injection of \$6,000 into the Mandatory Provident Fund (MPF) accounts of employees with monthly income of \$10,000 or below, Mr WONG Kwok-hing asked whether and to what extent the proposal would benefit employees under other types of retirement schemes, such as occupational retirement schemes and provident fund schemes. He also enquired whether MPF scheme members who had ceased employment but holding preserved accounts for the benefits from their previous employment could also benefit under the proposal. Mr WONG commented that as the accrued benefits in the MPF accounts could only be withdrawn by scheme members at the age of 65, the proposal could not provide immediate relief to low-income workers to cope with inflation.

6.3 Mr SIN Chung-kai and Mr Albert HO were concerned whether the proposal would benefit low-income workers with a monthly income below \$5,000 (i.e. the minimum level of income for mandatory contribution under the current MPF legislation). Mr SIN was of the view that these low-income workers were most in need of retirement protection but had no MPF accounts to receive the \$6,000 injection money. Mr HO said that Members belonging to the Democratic Party had suggested that the proposal should benefit all workers who had been gainfully employed for any period of time in the previous years. For those who did not have MPF accounts, they should be allowed to open an MPF account for receiving the injection money.

6.4 SFST responded that the objective of the proposal was to enhance retirement protection and help low-income workers to save more for their retirement life. Apart from this proposal, there was a package of relief measures (such as the electricity charge subsidy) proposed in the 2008-2009 Budget to help the lower income group to cope with the rising cost of living. The Deputy Secretary for Financial Services and the Treasury (Financial Services)² supplemented that given the large number of employees involved, and there were technical issues to be resolved to cater for the different circumstances of the retirement schemes, the Mandatory Provident Fund Schemes Authority (MPFA)

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was discussing with the relevant scheme trustees to work out the detailed arrangements for the proposal. SFST said that the Administration and MPFA would need some time to sort out the technical issues and work out the detailed implementation plan. The Administration would consult the Legislative Council (LegCo) as soon as practicable when the details of the proposal were available.

6.5 Ms Emily LAU urged the Administration to be mindful of the public expectation that the proposal should cover as many low-income employees as possible.

6.6 Miss CHAN Yuen-han asked if there was any long-term plan to enhance the retirement protection of low-income workers who were not covered by the existing MPF schemes. She hoped that the Administration could provide not only one-off injection but also systemic improvements to the MPF system. Miss CHAN was concerned that the existing arrangement under the MPF system of offsetting the Severance Payment and Long Service Payment from the employees' accrued benefits would reduce the retirement benefits of the employees in the long run. She urged the Administration to abolish the offsetting arrangement to provide better protection for low-income workers.

6.7 SFST advised that the proposed one-off injection of \$6,000 to existing MPF accounts was one of the Financial Secretary (FS)'s initiatives to make use of this year's fiscal surplus to assist the lower-income population. It would be for FS to consider whether there would be similar injection arrangement in future. As regards the concern about improvement to the operation of the MPF system, SFST advised that pursuant to close liaison between the Administration and the MPFA on proposals to improve the administration and enforcement of the MPF system, a number of legislative amendments had been introduced for this purpose. The MPF system was considered successful in increasing the awareness of the workforce on the importance of saving for their retirement. SFST pointed out that the offsetting arrangements had been worked out after extensive and in-depth discussions between parties concerned. Removal of the offsetting arrangement would have considerable implications.

6.8 To ensure that more people could benefit from the package of relief measures in the Budget, Mr LEE Cheuk-yan was of the view that the injection proposal should also cover employees and self-employed persons with a monthly income of \$15,000 or below, as these people could not benefit from other measures such as tax refunds. He also expressed concern that the MPF system

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did not cover domestic helpers and elderly employees over 65 years of age. He asked if the Administration could make any arrangement to facilitate domestic helpers and elderly employees to open MPF accounts so that they could also receive the injection money.

6.9 SFST advised that FS had proposed in the 2008-2009 Budget various measures targeting different sectors, in order to bring about benefits to the community at large. These measures included one-month rent payment for lower income families living in public housing estates, electricity charge subsidy and the waiving of rates, etc. Regarding the proposal of including domestic helpers in the MPF schemes, SFST pointed out that this would involve complicated issues as well as wide implications on the community at large, considering the large number of families employing local and foreign domestic helpers.

6.10 Miss TAM Heung-man pointed out that there had been public concern about the high level of fees and charges for some MPF funds, and calls for promoting market competition to drive down the fees through allowing employees to choose their MPF trustees. She enquired about the progress made in this respect, and whether provisions had been made in the 2008-2009 Estimates for this purpose. SFST advised that the fee level for some MPF funds had been adjusted downwards recently. The Financial Services and the Treasury Bureau (FSTB) was examining the recommendation of MPFA in increasing employees' control over their investment in MPF funds, and would brief the Panel on Financial Affairs on the proposal soon. He said that as this was part of FSTB's on-going work, no specific provision had been made for this purpose.

Insider Dealing Tribunal and Market Misconduct Tribunal

6.11 Mr Ronny TONG enquired about the reasons for the substantial increase in the estimated expenditure for 2008-2009 for the Insider Dealing Tribunal (IDT) and Market Misconduct Tribunal (MMT). He asked whether the recent judgment of the Court of Final Appeal on the criminal nature of IDT and MMT proceedings had any impact on the estimated expenditure for IDT and MMT.

6.12 SFST responded that the estimated expenditure for 2008-2009 for IDT and MMT was based on the expected caseload for the tribunals. The revised estimates for 2007-2008 for the tribunals were lower than the draft estimates for

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2008-2009 because hearings at IDT and MMT had been adjourned pending the completion of the proceedings for the appeal and the judicial review concerning the nature of the IDT and MMT proceedings. The Acting Permanent Secretary for Financial Services and the Treasury (Financial Services) added that in working out the draft estimates for 2008-2009 for IDT and MMT, the Administration had assumed that the adjourned cases would resume hearing in 2008-2009 upon conclusion of the judicial review and appeal proceedings. As the judgment for the appeal case had just been handed down recently, the Department of Justice was examining the details of the judgment as to the implications on the proceedings of IDT and MMT. The actual expenditure for the two tribunals in 2008-2009 would depend on the number of hearings conducted.

Securities and Futures Commission

6.13 Mr CHIM Pui-chung questioned why the Securities and Futures Commission (SFC), with reserves of about six times the operating expenditure of the 2007-2008 approved estimates (i.e. far exceeding the two-fold threshold as specified in the Securities and Futures Ordinance (Cap. 571) (SFO)), had not proposed to reduce the rates of levy and licence fees in 2008-2009. He pointed out that market participants had been suffering from the financial burden of the increase in the levels and types of licence fees payable to SFC. He asked if the Administration would ask SFC to conduct a review of its fees, with a view to consolidating the licences required by market participants and lowering the level of fees payable.

6.14 SFST said that SFC had briefed the Panel on Financial Affairs on its budget for 2008-2009 at the Panel meeting held in February 2008. He pointed out that SFC, being an independent financial regulator, needed adequate resources for effective operation. The amount of levies received by SFC was subject to fluctuations depending on the actual number of market transactions. Given the volatilities of the securities and futures markets, the Administration considered it prudent to maintain the existing levy rates, instead of revising the rates on the basis of SFC's level of reserve in 2007-2008.

6.15 Mr CHIM Pui-chung maintained his view that SFC should reduce the levy rates and the licence fees in accordance with the two-fold threshold specified in SFO, unless the relevant provision in SFO was to be amended. He considered that should there be a significant drop in SFC's levy income making it unable to meet its operational requirements, it could request for appropriation from LegCo.

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SFST re-iterated that the matter had been discussed at the Panel on Financial Affairs and the Administration would continue to monitor the financial position of SFC.

Outsourcing liquidation and bankruptcy cases

6.16 Mr Ronny TONG expressed concern about the average cost for outsourcing liquidation and bankruptcy cases by the Official Receiver's Office (ORO), especially the low average cost of \$156 per case for outsourcing bankruptcy cases. He doubted whether the quality of service could be maintained at such a low cost. In reply, the Official Receiver (OR) advised that given the surge in liquidation and bankruptcy cases, outsourcing arrangements had been made to relieve the workload of ORO staff. Based on the latest tender results, the average cost per case for summary and non-remunerative liquidation cases would be \$2,558 for the period from 2008 to 2010. Payment for outsourcing services would be required only when the assets of the liquidated company were insufficient to settle the cost for the outsourcing services. As for bankruptcy cases, the work for preliminary examination of bankruptcy cases would be contracted out and the average cost per case would be \$156 based on latest tender results. OR assured members that as assessed from the returns submitted by private practitioners in the outsourced bankruptcy cases, their quality of work was by and large up to the required standard.

6.17 Noting that ORO had made two applications during 2005-2007 to the court for removal of two private sector insolvency practitioners (PIPs) due to substandard performance, Mr Albert HO enquired about the oversight or monitoring mechanism in place to ensure the standard of performance of PIPs. He also questioned the continued need for the outsourcing arrangement, given the significant reduction in the number of bankruptcy cases in recent years.

6.18 OR advised that the performance of PIPs under the outsourcing arrangement was subject to proper oversight, including monitoring by ORO on the handling of outsourced cases and strict disciplinary actions against professional misconduct by the Hong Kong Institute of Certified Public Accountants. He pointed out that the majority of PIPs were performed in a professional and proper manner and performance monitoring/disciplinary actions were rarely required. On the continued need for outsourcing, OR advised that despite a decrease in the number of bankruptcy cases as compared with the caseload during the peak period, the number of liquidation and bankruptcy cases was still some 12 times of that

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about a decade ago. As such, continued outsourcing arrangement would be required unless there was expansion in the staff establishment of ORO.

Professional liability reform

6.19 Miss TAM Heung-man enquired whether the Administration had any plan to conduct a study on professional liability reform. She pointed out that the accountancy profession was gravely concerned about the time-table for the reform. She urged the Administration to take forward the study and consult the accountancy profession as soon as possible. In response, SFST said that professional liability reform was a complicated subject involving a number of policy and legal issues as well as the interest of different professions and consumers. At present, there was no standard practice in overseas jurisdictions. The Administration would have to define the scope of the reform and the policy direction before commencing a study on the subject. He was happy to meet with the accountancy profession to discuss the matter.

Business registration fee

6.20 Mr CHIM Pui-chung enquired about the rationale behind the proposal to waive business registration fee for 2008-2009 to benefit all companies. He expressed doubt about the benefit of the waiver, as it would result in a revenue loss of \$1.6 billion. SFST responded that having regard to the substantial fiscal surplus in 2007-2008, the Administration had devised a number of measures to benefit different sectors of the community. The proposal to waive business registration fee aimed at reducing the cost of small and medium enterprises (SMEs).

6.21 Mr Vincent FANG asked whether the Administration would consider waiving the hawker licence fees to reduce the business operation cost of hawkers who ran small business. SFST advised that the licensing and management of hawkers were outside the policy purview of FSTB.

Monetary and economic co-operation with the Mainland

6.22 Mr Jeffrey LAM asked about the progress in strengthening financial co-operation between the Mainland and Hong Kong, noting that expansion of Renminbi (RMB) business was one of the strategies in this regard. He pointed out that there was increasing demand for RMB by local and overseas enterprises,

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and the continued appreciation of RMB had resulted in rising costs of SMEs operating in the Mainland. He enquired whether the Administration would consider relieving the burden of these SMEs by adopting a fixed RMB exchange rate.

6.23 SFST advised that the expansion of RMB business in Hong Kong would hinge on the pace of the liberalization of the capital account and the reform of the exchange rate regime in the Mainland. In 2007-2008, expansion of RMB business had been achieved through issuance of RMB bonds in Hong Kong by Mainland financial institutions, with a total issuance size of RMB10 billion. Additional issuance of RMB bonds might be launched in 2008-2009 subject to the quotas obtained. The Hong Kong Special Administrative Region Government had proposed strategies and measures for further expansion of RMB business, such as settling in RMB the accounts of imports from the Mainland, and would follow up the implementation of the measures with the Mainland authorities. As regards the difficulties faced by SMEs in the face of RMB appreciation, SFST said that market participants and business enterprises had to take into account risk of exchange loss in their investment. Any government measures to take up such risk would be contrary to the free market policy.

6.24 Mr Jeffrey LAM expressed concern that the appreciation of RMB had given rise to surge in prices of foodstuff imported from the Mainland, which had adversely affected the livelihood of people in Hong Kong. In response, SFST said that it was inevitable to have rise in food prices alongside RMB appreciation. The Administration was fully aware that lower income families would be most hard-hit by inflation. To alleviate their hardship under the inflationary pressure, the Administration had devised a number of measures in the 2008-2009 Budget targeting the disadvantaged groups, such as the adjustment to the Comprehensive Social Security Assistance payment rates ahead of the normal schedule.

Establishment of an independent Insurance Authority

6.25 Ms Emily LAU enquired about the need for the consultancy study on the establishment of an independent Insurance Authority. She asked if the Administration would release the findings and recommendations after the completion of the study, and invite public views in addition to its plan to consult key stakeholders.

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6.26 SFST said that the study aimed at modernizing the regulatory framework for the insurance industry in line with latest international standards and requirements. The Commissioner of Insurance (C of I) advised that the proposed establishment of an independent the Insurance Authority was now a subject under consideration in view of a number of recent developments. These developments included growing significance of the insurance sector with the total amount of premium constituting about 11% of the Gross Domestic Product, increasing diversity and complexity of insurance products offered in the market, and introduction of global reforms in the regulatory requirements for the financial services industry. To meet the challenges posed by these developments, independent regulatory bodies for the insurance sector had been established in a number of overseas jurisdictions. C of I said that upon the completion of the study in the second half of 2008, the Administration would formulate feasible options for the proposed establishment of an independent the Insurance Authority, and then consult LegCo and the insurance industry on the proposal.

6.27 Noting that \$3.5 million was earmarked in the 2007-2008 Estimates for the consultancy study but the contract was subsequently awarded at a sum of around \$4.5 million, Ms Emily LAU enquired the reasons for such a significant difference. C of I explained that the difference in the estimated expenditure and the contract price was mainly attributable to the adjustment of consultancy fees in the market after working out the estimates and also slight alteration in the scope of the study. He stressed that the contract was awarded through an open and fair process in accordance with the Administration's established procedures for procurement of consultancy.

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7.1 At the Chairman's invitation, Professor K C CHAN, Secretary for Financial Services and the Treasury (SFST), highlighted major initiatives in public finance under his purview in 2008-2009 (Appendix IV-6).

Manpower situation in the Inland Revenue Department

7.2 Miss TAM Heung-man said that she was pleased to note that the pay scales of two ranks of the Assessor grade in the Inland Revenue Department (IRD) had been adjusted upwards following the last Starting Salaries Survey (SSS). Given that there was a shortage of manpower in the accountancy sector, she was concerned whether measures would be introduced to attract and retain quality staff in IRD.

7.3 SFST and the Commissioner of Inland Revenue (CIR) assured members that the Administration was fully aware of the need to attract and retain staff of the right calibre. In this regard, the Civil Service Bureau had followed the established mechanism, namely, the conduct of six-yearly pay level surveys and triennial SSS, to ensure that civil service pay was broadly comparable with that in the private sector. CIR highlighted that in addition to a competitive remuneration package, professional training opportunities and the job satisfaction of public service were also important factors in attracting and retaining quality staff. She did not consider the turnover of accountants in IRD particularly high when compared with that in the private sector. Nevertheless, IRD would monitor the recruitment and retention situation closely. CIR further advised that there were three departmental grades and some general grades in IRD. While there had been adjustments to the pay scales of the two ranks of the Assessor grade, pay scale reviews of the other grades would be taken forward in accordance with the existing mechanism for conducting civil service pay scale reviews.

Review of the Inland Revenue Ordinance

7.4 Miss TAM Heung-man conveyed the concern of the accountancy profession about the operation of the existing Inland Revenue Ordinance (Cap. 112) (IRO) and the Departmental Interpretation and Practice Notes (DIPNs), such as the difficulties in ascertaining whether certain income had arisen in or was derived from Hong Kong. In this connection, she referred to the motion moved by her and passed by Members at a Council meeting in May 2005 urging the Administration to, inter alia, examine specific issues relating to Hong Kong's taxation system and the implementation of IRO. Miss TAM however noted that

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apparently, not much progress had been made in this regard. She was therefore concerned whether provision had been made in the 2008-2009 Estimates of Expenditure for conducting a review of the taxation regime in Hong Kong, including the problems identified in the operation of IRO. She also suggested that a standing mechanism should be established for collecting views on taxation matters from the accountancy profession and the business sector.

7.5 Noting the concern, CIR explained that IRD had over the years published some 44 DIPNs to provide guidance and set out its views on the application of IRO and the usual practices in conducting tax assessments. These DIPNs were revised and updated from time to time to address the concerns of the profession on taxation matters. They were not only followed by IRD officers but also provided useful reference to the profession. To facilitate taxpayers' access to such information, DIPNs were published on the website of IRD.

7.6 CIR took the opportunity to clarify the principle in determining whether certain income had arisen in or was derived from Hong Kong as raised by Miss TAM Heung-man. She advised that application of the "territorial source" concept in charging income/profits to tax was a practical and hard matter of fact. The relevant DIPNs issued by IRD might provide useful guidance for such matters. With regard to the establishment of a mechanism for collecting views on taxation matters, the Administration had set up the Joint Liaison Committee on Taxation comprising members from various chambers of commerce, legal, taxation and accounting professionals and academics. The Joint Liaison Committee on Taxation held regular meetings and was tasked to advise the Administration on taxation and related matters. CIR invited Miss TAM to provide views on the operation of IRO to the Joint Liaison Committee on Taxation.

Research Endowment Fund

7.7 Mr LEE Cheuk-yan was concerned about the level of funding for the proposed Research Endowment Fund and how it compared with the existing allocation to the Research Grants Council of the University Grants Committee (UGC). He was also concerned whether the investment earnings of the Research Endowment Fund would be adequate in financing the research projects of UGC-funded institutions in the long run.

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7.8 SFST confirmed that the one-off grant of \$18 billion and its investment earnings would replace the existing annual funding granted by the Government to the Research Grants Council. The capital sum of \$18 billion would provide an opportunity for decent investment return, which would in turn generate steady and additional funding for the research work of local institutions. While it was too early to speculate on the likely return on investment, it was expected that the income from the proposed the Research Endowment Fund would be larger than the existing allocation to the Research Grants Council. In this regard, the Permanent Secretary for Financial Services and the Treasury (Treasury) (PS(Tsy)) informed members that the Administration was consulting UGC on the operational details of the Research Endowment Fund, and would provide such details when seeking funding approval from the Finance Committee at a later stage. Meanwhile, the funding allocated by UGC to the Research Grants Council varied from year to year, but on average it was about \$600 million for each academic year.

Government supplies services

7.9 Miss CHAN Yuen-han noted that under the World Trade Organization Agreement on Government Procurement (WTO GPA), procurements of central and sub-central government entities and public entities at or above certain contract values had to be open to other WTO GPA signatories. As such, goods and services might be sourced from signatories with lower labour and production costs instead of from the local market. She was gravely concerned that the arrangement had resulted in the reduction of employment opportunities for the local workforce. Given that some 10 years had passed since Hong Kong joined WTO GPA, she considered it high time for the Administration to review its procurement policy with regard to the impact of a liberalized procurement market on the employment opportunities of the local workforce. Miss CHAN called on the Administration to explore measures to safeguard the employment of local workers during its on-going multilateral negotiations under WTO GPA.

7.10 On Hong Kong's obligations under WTO GPA, PS(Tsy) advised that as a signatory, Hong Kong must promote free, open and non-discriminatory treatment of products, services and service providers irrespective of their country of origin. He recapitulated that the Administration had on previous occasions explained the justifications and benefits for Hong Kong to join WTO GPA. The non-discriminatory access by Hong Kong suppliers of goods and services to the government procurement markets of other GPA parties had enabled Hong Kong

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suppliers to compete on equal footing with suppliers of other GPA parties. Nevertheless, PS(Tsy) took note of Miss CHAN's concerns and undertook to convey them to the bureau(x)/department(s) concerned.

7.11 Miss CHAN Yuen-han did not subscribe to the Administration's viewpoint and considered that Hong Kong's obligation to open up its market under the principle of non-discrimination could mean that some job opportunities would be lost to overseas suppliers or service providers. Highlighting the concerns of the local workforce about the negative impact which might arise from the implementation of WTO GPA, Miss CHAN urged the Administration to critically review its procurement policy and consider giving priority to the procurement of goods and services supplied by social enterprises in Hong Kong.

7.12 SFST advised that as a small and open economy, it was necessary for Hong Kong to put in place a clear and transparent procurement policy. Nevertheless, taking into account Hong Kong's circumstances and to promote the development of social enterprises, the Administration had fine-tuned its procurement policy and announced the introduction of a pilot scheme in 2008 to give eligible social enterprises priority in bidding 38 government cleansing services contracts. The Government would review the effectiveness of the pilot scheme in due course.

7.13 While indicating support for the pilot scheme, Miss CHAN Yuen-han maintained her view that the Government should critically review its procurement policy under WTO GPA bearing in mind the unemployment problem faced by workers in Hong Kong. She also opined that the Administration should set a time-frame for the review. Miss CHAN said that as she was aware, in some other jurisdictions such as the United States, measures were in place to protect the employment of the local workforce despite the application of the provisions of WTO GPA. Miss CHAN said that she would continue to pursue the matter.

Relocating government buildings outside central business districts

7.14 Ms Emily LAU was concerned about the long lead time, estimated at some six to seven years, for relocating the three government office buildings at the Wan Chai waterfront. Given that the Government Property Agency's work plan for 2008-2009 had not included a review of the use of the site after the relocation, she queried the need for undertaking the study on the feasibility of relocation.

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7.15 The Government Property Administrator (GPA) informed members that currently, there were 26 departments operating in the three government office buildings. Before any relocation exercise was carried out, the Administration needed to discuss with the departments concerned to assess whether they had operational need to maintain their offices in the central business districts (CBD). It was also necessary to consult the 11 000 staff currently working in the buildings. Moreover, the Administration had to identify suitable sites for relocating the offices of the three government office buildings, bearing in mind that the Net Operating Floor Area of the three buildings totalled 174 000 square metres. The Administration had estimated that the relocation, if implemented, had to take at least six to seven years to complete.

7.16 On the need to take forward the study on the feasibility of relocation, SFST advised that the Administration would study the cost-effectiveness of relocating the three government office buildings, by evaluating the benefits for the departments to maintain their offices in CBD and the demand for Grade A offices in this area. According to the Hong Kong 2030 Study, it was forecast that the current supply of sites for Grade A offices in CBD would be able to meet the demand in the next few years. The Government must therefore plan ahead and identify more sites for Grade A offices in CBD to meet future demand. The relocation of the three government office buildings, if implemented, would make available sites in CBD for this purpose. GPA further advised that the future use of the site after relocation, such as the proposal for the construction of an extension of the Hong Kong Convention and Exhibition Centre, would have to be studied by the Planning Department. Ms Emily LAU requested the Administration to provide further information on whether funds would be allocated to conduct a review of the use of the site, and the details of the review, including the estimated expenditure of and time-table for the review.

7.17 Ms Emily LAU enquired whether the departments now accommodated in the three government office buildings in question would be relocated to the Tamar site. GPA advised that unless there was clear operational need for the department to operate in Central, it would normally be accommodated elsewhere. SFST added that it was necessary for the Administration to review the accommodation need of each of the 26 departments before making a final decision on their relocation.

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7.18 Noting that the Administration had planned to carry out a number of installation and replacement projects in the three government office buildings, Ms Emily LAU queried whether such projects were cost-effective, given that the offices might eventually be relocated. GPA advised that the projects were mainly to replace the fire service installations and air-conditioning systems of the three government office buildings as the facilities were ageing, and some of their major components needed to be replaced to maintain their reliability for compliance with fire safety requirements and for effective operation and energy efficiency. The project for the installation of closed-circuit television systems inside lift cars at the Immigration Tower and Revenue Tower was also required for security reasons. Five of the nine approved projects had already commenced and the remaining four projects would be reviewed in light of the study on the relocation of the three government office buildings. Ms LAU maintained her view that for the purpose of saving government expenses, the Administration should consider shelving those projects which had not yet commenced and which were not urgently needed.

Chapter VIII : Central Administration and Other Services

Independent Commission Against Corruption (ICAC)

Subhead 103 "Rewards and Special Services"

8.1 Mr James TO expressed concern about the provision under Subhead 103 "Rewards and Special Services". He enquired why ICAC did not provide the ratio of expenditure on rewards and special services in respect of overseas and local investigations.

8.2 The Commissioner, Independent Commission Against Corruption (C, ICAC) said that the provision under Subhead 103 was of a confidential nature for supporting the work of ICAC. There was no difference between overseas and local investigations. The expenditure was based on the requirements of each case, hence there was no pre-determined ratio on expenditure for overseas or local cases.

8.3 Mr James TO was not convinced of the Administration's reply. While appreciating that there might be confidentiality in certain aspects relating to covert operational activities and intelligence gathering, Mr TO considered that ICAC could at least provide the expenditure breakdown of Subhead 103 in the past years. He urged ICAC to make an effort to disclose further details about the funding provision under Subhead 103, so as to allay public concern of any possible abuse of power by ICAC. C, ICAC said that as Subhead 103 provided an essential source of funding for covert operations which by their very nature should not be revealed, it was not appropriate to disclose the expenditure details.

Corruption prevention

8.4 Mr James TO referred to the rising number of corruption reports relating to building management and enquired about the details of the strategy and measures taken to tackle the problem. He also expressed concern about the corruption cases in the financial services sector, particularly those concerning public listing and stock offering which involved huge amounts of monies.

8.5 C, ICAC advised that in 2007, ICAC received 972 corruption reports in relation to building management, which represented 41% of all corruption reports in the private sector. Recognizing the problem and in order to help building management organizations to implement clean and effective building management, ICAC had set up an internal task force to work closely with the

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Hong Kong Housing Society and other relevant government departments, such as Home Affairs Department, Housing Department, and Fire Services Department, with a view to tackling various building management issues at root. Apart from publishing a corruption prevention guide for reference by building management personnel and property owners' corporations, ICAC would also present the relevant information at a thematic website and set up a dedicated hotline to facilitate public enquiries.

8.6 Regarding corruption cases in the financial services sector, C, ICAC reported that there was a small number of cases each year but the amounts of monies involved were considerable. Some of them were related to alleged frauds involving publicly listed companies. Where necessary, ICAC in conducting its investigation would enlist the assistance of the Securities and Futures Commission and The Stock Exchange of Hong Kong. On the preventive side, ICAC would undertake assignment studies upon request by enterprises and advise them on anti-corruption measures. ICAC also worked on initiatives to enhance the awareness of market practitioners and professionals, including promulgation of best business practices. Seminars and educational campaigns were launched from time to time.

The Legislative Council Commission

8.7 Ms Emily LAU was concerned about the adequacy of the provision allocated to the Legislative Council Secretariat (the LegCo Secretariat). Given the size of the Government vis-à-vis the establishment of the LegCo Secretariat, she considered the current provision far from adequate. She enquired the details of the additional manpower provision in the 2008-2009 financial year, and whether the LegCo Secretariat had conducted any studies on the provision of secretariat support in respect of its counterparts in overseas legislatures.

8.8 The Secretary General of the LegCo Secretariat replied that in the 2008-2009 financial year, the Administration had allocated additional resources to enable the LegCo Secretariat to create a number of new posts to cope with the increased workload. The LegCo Commission had also agreed to make use of its reserve to fund the creation of some more additional posts for the purpose. He would provide members with a list of the posts to be created in 2008-2009 and the resources involved. As to whether the LegCo Secretariat had conducted any studies on its future manpower requirements with regard to overseas experience, he said that the LegCo Secretariat would study its manpower requirements in the

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context of the annual Resources Allocation Exercise. He noted Ms LAU's concern about the resource implications associated with the proposed increase of the number of LegCo seats and would work out the details of the staffing requirements in due course.

Central Policy Unit

8.9 Mr Albert CHAN queried why there was a need to earmark resources for the Central Policy Unit (CPU) to conduct specific consultancy studies which should be done by its full time consultants and researchers. He raised concern about the quality of the research/studies commissioned by CPU, and took the view that all such research reports should be made available for public information.

8.10 Ms Margaret NG and Mr Alan LEONG shared the view that as the consultancy studies were financed by public money, these reports should be published upon completion. They asked the Administration to explain the policy in this respect, and the circumstances under which consultancy reports would be published. They considered such information necessary to enable members and the public to assess whether the consultancy studies were value for money.

8.11 The Deputy Head, Central Policy Unit (DH, CPU) explained that policy research undertaken by CPU covered the social, political and economic spheres. To this end, CPU commissioned specific consultancy studies to consultancy organizations and universities with special expertise in the relevant subjects. The research reports provided useful reference for CPU to tender advice to the Government. At the request of Ms Margaret NG, DH,CPU undertook to provide a list of the principal investigators/team leaders of the 24 research projects conducted in 2007-2008.

8.12 DH,CPU said that as certain research reports were intended only for internal reference, it would therefore not be appropriate to release the findings. Mr Albert CHAN and Ms Margaret NG were not convinced of the Administration's reply. They asked the Administration to provide further details regarding the progress of individual research studies commissioned by CPU in the past three years, the expenditure involved, and the justifications for not disclosing certain reports upon completion.

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8.13 In response to Mr Albert CHAN, DH, CPU explained that the study entitled "Envisioning Social Welfare : Balancing Assumptions and Realities" provided useful reference for CPU to consider issues relating to poverty alleviation. As to why Hunan was selected as a target province under the study entitled "Cooperation of Production Services between Hunan and Hong Kong", he explained that CPU commissioned a number of studies to enhance social, economic and political developments in the Mainland, particularly the Pan-Pearl River Delta Region. Apart from Hunan, studies in co-operation with other provinces in the region had also been conducted. Regarding the study on "Hong Kong in the Region", the focus was to examine the role of Hong Kong and how it could promote economic and trade activities in the region.

8.14 Mr Albert CHAN requested the Administration to provide further information on the following:

- (a) feasibility of setting a deadline for publication of reports after the completion of the concerned reports;
- (b) mechanism of selecting an institution to conduct research; and
- (c) whether some consultancy contracts were awarded without going through open tender in the past three years, and the justifications for doing so.

8.15 Mr Alan LEONG queried why the research on retirement protection for the whole population would take so long to complete and whether the Administration had reserved sufficient provision for the study. DH, CPU responded that the study was still underway and adequate resource had been earmarked for the study. The issue of retirement protection was very complicated which required in-depth analysis in view of its implications on government policy and expenditure.

Chief Executive's Office

8.16 Ms Emily LAU pointed out that one of the major duties of the Director of the Chief Executive's Office (D,CEO) was to liaise with political parties and groups. However, she held the view that D,CEO had failed to perform this area of work, as Members belonging to the Frontier, Democratic Party, Civic Party and League of Social Democrats had never met with D,CEO.

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Mr Albert CHAN shared Ms LAU's view. They considered that the Audit Commission should carry out a value for money study on D,CEO's liaison work.

8.17 The Permanent Secretary, Chief Executive's Office (Perm Secy, CEO) advised that while one of the main duties of D,CEO was to liaise with political parties and groups, such liaison could take different forms. She said that D,CEO would consider invitations for meetings on the merits of each case.

8.18 On the remuneration for D,CEO, Perm Secy, CEO explained that as approved by the Finance Committee in June 2007, the remuneration package of D,CEO had been aligned with that of a Director of Bureau. As a result, gratuity payment was no longer applicable as from 1 July 2007 onwards.

The Ombudsman

8.19 Noting that some 1 300 complaints received by The Ombudsman between late January and March 2007 were outside her jurisdiction, Ms Emily LAU enquired if there was a need to review the jurisdiction of The Ombudsman to cover further organizations so that aggrieved parties could lodge their complaints directly with The Ombudsman.

8.20 The Ombudsman advised that the majority of the 1 300 complaints was related to Broadcasting Authority's criticism of a Radio Television Hong Kong programme. As to whether the powers and jurisdictions of The Ombudsman in Part I of Schedule 1 to the Ombudsman Ordinance (Cap. 397) should be expanded to include Broadcasting Authority, she said that decisions made by Broadcasting Authority were not related to administrative acts. As such, The Ombudsman had not recommended the inclusion of Broadcasting Authority in its previous review of the jurisdiction of the Ombudsman Office. For cases outside the jurisdiction of The Ombudsman, The Ombudsman said that where possible, the complainants would be advised to seek assistance or redress from other appropriate channels.

Audit Commission

8.21 Ms Emily LAU commended the work of the Audit Commission which rendered an independent and professional audit service to help the Government enhance public sector efficiency and performance. She enquired whether the Audit Commission had enough resources to carry out its work and

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whether availability of resources had ever affected the Commission's decision in determining whether a particular audit subject should be carried out.

8.22 The Director of Audit (D of A) said that the Commission had formulated a five-year Value for Money (VFM) Audit Strategic Plan. Each year, the Audit Commission would review the annual Programme of Work with a view to identifying the number and priority of audit subjects for the year. The Audit Commission would take into account a number of factors, such as timeliness, risk, materiality, impact and public interest, in determining the priority of VFM audits. The Audit Commission would conduct a VFM audit when the situation warranted an in-depth review. The target number of VFM audit reports issued to audited bodies were set and adjusted from time to time, having regard to the resources available, the scope and complexity of the audits and the time required for conducting public hearings to consider VFM reports recommended for investigation by the Public Accounts Committee of the LegCo.

8.23 In response to Ms Emily LAU's further question, D of A confirmed that the Audit Commission had adequate resources to cope with its work, though at times the priority of individual audit subjects in the annual Programme of Work might need to be reshuffled, having regard to the latest developments in the community. For example, due to wide public concern about the Harbour Fest incident, the Audit Commission had redeployed its resources to complete a VFM audit on the subject matter by deferring some other audit subjects in the annual Programme of Work.

Chapter IX : Administration of Justice and Legal Services

9.1 At the Chairman's invitation, Miss Emma LAU, Judiciary Administrator (JA), and Mr WONG Yan-lung, Secretary for Justice (SJ), highlighted the key programme areas within their respective purviews for the year 2008-2009 (Appendices IV-7a and IV-7b).

Provision of legal advice to the Police

9.2 Referring to the confusing messages from the Hong Kong Police Force in relation to law enforcement against the recent circulation of some nude photographs on the Internet, Mr SIN Chung-kai expressed concern about the provision of timely legal advice by the Department of Justice (D of J) to the Hong Kong Police Force on prosecution matters. To cope with the changes in cyber crimes alongside rapid technological development, Mr SIN enquired whether D of J would strengthen its support to the Hong Kong Police Force in relation to enforcement actions against cyber crimes, and provide more resources for this purpose. Mr Martin LEE expressed similar concern and queried whether the Hong Kong Police Force or D of J should be responsible for interpreting the law for enforcement.

9.3 SJ advised that D of J accorded priority to providing timely legal advice to the Hong Kong Police Force on request. Given the rapid technological development and changes in computer crimes, D of J would have to examine the applicability of relevant legislation for prosecutions having regard to the circumstances of individual cases. D of J had regular meetings with law enforcement departments to exchange views on areas and measures to enhance D of J's support to these departments. SJ also advised that the Television and Entertainment Licensing Authority was conducting a comprehensive review of the provisions of the Control of Obscene and Indecent Articles Ordinance (Cap. 390) on the regulation of the distribution of obscene and indecent articles over the Internet. D of J would provide legal advice to facilitate the review, if necessary, and the resources required for this purpose would be absorbed by the provisions for D of J in 2008-2009. Should major legislative amendments be recommended upon completion of the review, consideration would be given to the resource implications of implementing the recommendations on D of J.

9.4 Mr LEUNG Kwok-hung referred to the prosecution actions against one of the offenders in the recent circulation of nude photographs on the Internet. He doubted whether the Hong Kong Police Force had sought the advice of D of J before laying charges against the offender. SJ advised that it was not necessary

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for the Hong Kong Police Force, as the law enforcement department, to seek the advice of D of J in every case before instituting prosecution action against an offender. Law enforcement departments would consider whether it was necessary to seek legal advice based on their professional knowledge, experience in handling similar cases, and the circumstances of individual cases.

9.5 Mr LEUNG Kwok-hung also enquired about the time-frame for drafting legislative amendments to provide for collective bargaining power and minimum wage. SJ advised that these were policy issues not within the purview of D of J.

Enforcement of court judgments in civil cases

9.6 Mr WONG Kwok-hing expressed concern about the enforcement of Labour Tribunal awards for arrears of wages. Referring to the case of the Sing Pao Newspaper Management Limited in which the wages in arrears owed to the employees had not been settled despite awards of the Labour Tribunal, Mr WONG queried the effectiveness of the current enforcement mechanism and enquired whether SJ would consider making legislative amendments to enhance the enforcement of Labour Tribunal awards.

9.7 SJ assured members that the subject was a matter of concern at the high level of the Government. The Secretary for Labour and Welfare attached great importance to making improvements to the enforcement of Labour Tribunal awards and had sought the assistance of D of J in examining the legal implications of measures to compel employers to comply with such awards. In formulating appropriate measures in this regard, the Administration would have to consider whether changes should be made in respect of the enforcement of court judgments in all civil cases, or only judgment of certain tribunals or categories of cases. Legislative amendments would be introduced for implementing the improvement measures formulated, where necessary.

9.8 Ms Margaret NG commented that the Panel on Administration of Justice and Legal Service (AJLS Panel) had discussed the subject. She was pleased to note that SJ had now taken a more proactive attitude towards the enforcement of court judgments in labour and matrimonial cases.

9.9 Mr WONG Kwok-hing and Mr LAU Chin-shek expressed concern about the time-frame for implementation of the improvement measures.

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Mr LAU called on D of J to take forward the measures expeditiously. SJ advised that it would not be realistic for him to give any concrete time-frame at the present stage. He nevertheless assured members that the Administration was actively following up the subject and would provide information to the Legislative Council on the concrete recommendations when these were available.

9.10 Mr Alan LEONG opined that the crux of the problem in enforcement of Labour Tribunal awards was that the employees concerned had to take actions at their own costs against defaulting employers who failed to settle the outstanding wages despite the awards. To tackle the problem at source, Mr LEONG opined that the Administration could consider empowering Labour Tribunal or the Labour Department to enforce the awards on behalf of the employees, or granting discretionary power to the Director of Legal Aid to waive the means test for employees seeking legal aid to file winding-up/bankruptcy petition against the defaulting employer.

9.11 SJ responded that the problem associated with enforcement of court judgment in civil cases had existed for a long time and the solution was by no means simple or straightforward. He stressed that it was necessary to examine carefully the options for tackling the problem having regard to their implications and difficulties in implementation. While acknowledging that the plight faced by employees in enforcing the Labour Tribunal awards mentioned by Mr LEONG above was one of the major causes of the problem, SJ stressed that D of J was actively exploring feasible measures to tackle the problem, having regard to the information on cases provided by the Labour Department and practices in overseas jurisdictions.

Provision of public facilities in private developments

9.12 Referring to public concern about access to public open space within private developments, Ms Audrey EU enquired whether and what legal actions would be taken by the Administration against private developers who had failed to comply with the requirements in the land leases in the management of the public open space. In this connection, Ms EU noted that the Administration had only released the list of 152 private developments completed in or after 1997 which were required under the leases to provide public facilities. She was concerned that the non-compliance problem might be even greater if the private developments completed before 1997 were also taken into account. Ms EU pointed out that Members belonging to the Civic Party had written to SJ on the need to take follow-up actions against the private developer who had rented out

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the piazza of Times Square.

9.13 SJ responded that there were variations in the terms and conditions of individual contractual documents between private developers and the Government (i.e. the land leases or the deeds of dedication) in respect of the management and maintenance of public facilities within private developments. In providing legal advice to the respective departments for taking actions against non-compliance of private developers, D of J would have to refer to the terms and conditions in the respective leases as well as the individual circumstances of the case. As regards the renting of the piazza of Times Square, SJ advised that the Development Bureau had taken prompt actions to follow up the complaint, including requesting the private developer concerned to provide information on the renting of the piazza. D of J would examine the information pertaining to the case to decide whether the developer concerned had breached the terms and conditions of the land lease and if so, the actions to be taken.

Improvement works for the Family Court

9.14 Ms Margaret NG asked about the details of the minor renovation works which had been carried out for improving the setting and environment of the Family Court. She was of the view that the setting of the Family Court should be improved to make it more comfortable and user-friendly. Referring to a suggestion put forward by some members of the AJLS Panel relating to the handling of family violence cases at designated courts, Ms NG sought information on the follow-up actions taken and resources allocated for the purpose.

9.15 JA responded that minor works had been carried out in 2007-2008 to improve the settings of the Family Court in accordance with operational needs, such as relocating court facilities to convenient locations for the benefit of court users. At the request of Ms Margaret NG, JA agreed to provide to the AJLS Panel details of the completed or planned renovation works in this regard. As to Ms NG's view on the handling of all family violence cases at designated courts, JA advised that this involved a number of issues which required detailed consideration. Meanwhile, the Judiciary was liaising with relevant parties, including the Family Court Users' Committee, to provide an information pamphlet on court procedures in relation to injunction applications by victims of family violence.

Waiting times for court hearings

9.16 Ms Audrey EU expressed concern about the long average waiting time of 141 days for hearing of compensation cases in the Lands Tribunal in 2007 (or 117 days for the period between September 2007 and February 2008). She said that this would adversely affect the timely recovery of rents by landlords in tenancy cases, and enquired about measures to shorten the waiting time for hearing at the Lands Tribunal.

9.17 JA said that the caseload of the Lands Tribunal stood at a high level of some 5 000 in 2006 and 2007 among which over 4 000 were tenancy cases. The average waiting time for hearing of tenancy cases at the Lands Tribunal was 40 and 41 days in 2006 and 2007 respectively, which was within the target of 60 days. The waiting time for hearing of compensation cases was generally longer given the complicated nature of the cases and the membership composition required for the hearing. Nevertheless, compensation cases only constituted a very small number of the cases at the Lands Tribunal. Additional temporary judicial resources were deployed since October 2007 with a view to shortening the waiting time. The Judiciary would continue to monitor the situation and would make every effort to improve the waiting time.

9.18 Miss CHOY So-yuk expressed concern about the waiting time for hearing of building management cases at the Lands Tribunal. Pointing out that the number of building management cases were on the rise, Miss CHOY enquired whether the Judiciary would set up a tribunal dedicated for hearing of these cases to relieve the burden of the Lands Tribunal and ensure expeditious disposal of building management cases.

9.19 JA advised that the number of building management cases handled by the Lands Tribunal was in the range of a few hundred a year and the average waiting time from setting down to hearing for these cases was about 50 days, which was within the target of 100 days. To enhance the function and improve the efficiency of the Lands Tribunal in handling cases, amendments were made to the Lands Tribunal Rules (Cap. 17A) after a review in 2007. From 1 January 2008, the Judiciary had introduced a pilot scheme in the Lands Tribunal seeking to expedite the processing of building management cases by encouraging parties to use alternative dispute resolution, such as mediation. The Building Management Mediation Co-ordinator's Office (BMMCO) would provide information to assist parties concerned who were willing to attempt voluntary

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mediation before or after they issued proceedings in the Tribunal. Responding to Miss CHOY So-yuk's further enquiry, JA advised that BMMCO would exercise flexibility in providing necessary assistance to the parties in dispute. The Judiciary would conduct a review to evaluate the effectiveness of the pilot scheme after 12 months.

9.20 Noting that the estimated provision for the Judiciary had increased by 12.3% in 2008-2009 as compared with 2007-2008, Ms LI Fung-ying expressed concern about the provision of additional judicial resources to reduce the waiting time for cases at the Labour Tribunal. In this connection, Ms LI enquired why the target average waiting time at the Labour Tribunal was still set at 30 days, while the actual average waiting time in 2006 and 2007 was only 12 and 10 days respectively. Ms LI was of the view that setting a long waiting time for labour dispute cases would lengthen the process for employees' claims and was inconsistent with the purpose of providing quick, inexpensive and simple proceedings for labour disputes through the Labour Tribunal.

9.21 JA said that the target average waiting time for different levels of courts had been worked out taking into account a number of factors and the changes in number of cases over a long period. The Judiciary considered it prudent to maintain the target at the present stage given that caseloads of courts and tribunals would fluctuate from time to time. Nevertheless, the Judiciary would monitor the changes over time and consider the need to adjust the deployment of resources as well as targets to cope with the changes.

9.22 Mr James TO was concerned about the waiting time at the Magistrates' Courts, especially for custody cases. He enquired whether the long waiting time at Magistrates' Courts was attributable to the increase in number or complexity of the cases. Noting that provisions had been made in the 2008-2009 Estimates for engagement and deployment of temporary judicial and support staff resources, Mr TO enquired about the expected improvements to be brought about and whether priority would be given to custody cases.

9.23 JA responded that the overall number of Magistrates' Court cases had increased while the number of charge cases remained more or less stable. Nevertheless, longer hearings had to be conducted for the cases due to their growing complexity. She advised that the deployment of temporary judicial and support staff resources had effectively improved the waiting time at Magistrates' Courts, and priority would be accorded to custody cases in the arrangement for

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hearings. For custody cases, the waiting time had reduced from 47 days in 2007 to 40 days for the period from September 2007 to February 2008 with the deployment of additional temporary judicial resources. Responding to Mr TO's concern that priority should be given to simple and straightforward cases, JA advised that the target waiting time was set after taking into consideration the circumstances of cases of different nature. The Judiciary would continue to monitor the court waiting time to meet the needs of court users and members of the public.

Resource Centre for Unrepresented Litigants

9.24 Noting that in 2008-2009, the Judiciary would continue to enhance support to unrepresented litigants in the High Court and District Court through the Resource Centre for Unrepresented Litigants (the Resource Centre), Ms Emily LAU was concerned about the additional resources allocated for this purpose. Ms LAU asked whether the Judiciary had conducted any user surveys to gauge the views of users on the services provided by the Resource Centre. As the number of unrepresented litigants were increasing, Ms LAU considered that the Judiciary should provide more information on the usage of the Resource Centre, such as the statistics on number of visits, telephone enquiries and webpage access as well as target level of services in its estimates for the coming years.

9.25 JA advised that the Judiciary would continue to enhance the services of the Resource Centre in 2008-2009 to meet the increasing demand. For example, there would be additional resources for staff training and information materials updating. JA further advised that according to a user survey, respondents were in general satisfied with the services provided by the Resource Centre, and some respondents had expressed wish for provision of free legal advice at the Resource Centre by duty lawyers. JA also took note of Ms Emily LAU's view about conducting user surveys on a regular basis, and agreed to relay this to the Steering Committee on the Resource Centre for Unrepresented Litigants for consideration.

Civil Justice Reform

9.26 Noting that substantial and technical changes to court rules and procedures of the High Court and the District Court would be implemented under the Civil Justice Reform, Ms Margaret NG expressed concern about the plan and resources allocated for publicity of the proposed changes. She was of the view

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that in addition to legal practitioners, the public should be provided with sufficient and clear information on the new rules and procedures.

9.27 JA advised that training would be given to Judiciary staff, including the staff manning the Resource Centre, to familiarize them with the new rules and procedures to be implemented under the Civil Justice Reform, so that they would be able to answer enquiries from the users of the Resource Centre. Moreover, the materials provided in the Resource Centre would be reviewed and updated to take into account the changes to the procedures (including pamphlets, videos and information on the internet, etc.) to help unrepresented litigants understand the revised or new procedures. The Judiciary would also produce explanatory materials on court procedures. At the request of Ms Margaret NG, JA undertook to provide an information paper to the AJLS Panel on measures to facilitate public understanding of the changes in the rules and procedures to be implemented under the Civil Justice Reform.

Staffing and resources in the Department of Justice

9.28 Noting that new prosecutors would join D of J in 2008, Mr Martin LEE was concerned whether D of J had plan to require officers in the Court Prosecutor grade to be fully qualified barristers and if so, the time-frame for implementation. In response, SJ said that in appointment of officers to the Court Prosecutor grade, the standard of service provided would be the most important consideration. The prosecutors of D of J had provided quality service despite that only a few of them were fully qualified barristers. SJ nevertheless noted Mr LEE's view for further consideration.

9.29 Mr CHIM Pui-chung referred to prolonged and costly civil litigations for settling private disputes, and questioned whether the user-pays principle should apply so that litigants would bear the costs for court services. SJ advised that the long-established arrangements for payment of court charges were made in accordance with the common law principle that the public should have the right of access to justice and the court. He did not see any cause for making changes to the established arrangements.

Chapter X : Security

10.1 At the Chairman's invitation, Mr Ambrose LEE, Secretary for Security (S for S), briefed members on the main initiatives of the programmes under the Policy Area: Security (Appendix IV-8).

Law and order

Election-related violence

10.2 Miss TAM Heung-man queried why no prosecution action was taken against violence and intimidation acts during the recent District Council election. She said that Government's inaction would encourage the use of violence at the upcoming Legislative Council (LegCo) election. She enquired whether police officers would be given proper training on enforcement of the election legislation. S for S said that the Police would not tolerate any election-related violence which would undermine the conduct of fair elections. While the Police would investigate into complaints on election-related violence, the decision on whether prosecution should be taken would depend on the evidence gathered and the legal advice. As for the LegCo election which would take place in September 2008, efforts would be made to ensure adequate police coverage at every polling station and improvements would be made in light of experience of recent elections. He added that the Police was well trained and would take enforcement in accordance with the laws.

10.3 Ms Emily LAU expressed concern about the increasing number of cases concerning intimidation against political figures, and the progress of setting up a "Force Working Group on Electioneering Activities" for conducting studies on the handling of matters related to elections. The Commissioner of Police (CP) advised that the Police would adopt more effective measures to deal with election-related crimes based on experience gained in previous elections. Chaired by an Assistant Commissioner of Police and comprising police representatives from different districts and from the Registration and Electoral Office, the Force Working Group on Electioneering Activities would be set up to examine improvements in dealing with electioneering activities. The Administration undertook to provide further information on prosecution and conviction on the cases concerning criminal damage to publicity boards of councillors and those relating to elections, and cases of intimidation against Members of LegCo and District Councils in the past three years.

Chapter X : Security

Murder of sex workers

10.4 Referring to the recent spate of murders of a number of sex workers, Ms Emily LAU expressed concern about measures taken by the Administration to protect the safety of these workers. S for S responded that the Security Bureau and law enforcement departments had the responsibility of ensuring safety of all members of the community. As some sex workers had published their information on their websites, they might be exposed to high risk. CP said that the Police had been discussing with the sex workers' associations on measures to ensure their safety. In view of the recent incidents, the Police had strengthened communication with sex workers in various districts on measures to enhance their safety. Pamphlets were issued to sex workers giving advice on ways to protect themselves. Sex workers could also consider installing alarm systems at their premises to provide better protection.

10.5 Mr James TO enquired if there were any measures to protect sex workers working in one woman brothels. He was aware that these sex workers had been urging for relaxation of the legislation prohibiting more than one sex worker working at the same premises. S for S advised that under the existing legislation, it would be an offence to keep a vice establishment or to live on the earnings of prostitution of others. Allowing more than one sex worker to work in the same premises could lead to proliferation of exploitation of sex workers and organized crimes, such as operation of vice establishments. This was a controversial subject involving not only security but also social and moral issues. As far as the Police was concerned, it would maintain communication with sex workers working in one woman brothels and provide them with the necessary protection as far as practicable.

10.6 Miss CHOY So-yuk said that installation of alarm systems could be a short-term measure to protect sex workers working in one woman brothels. She suggested setting up a red light district as a long-term solution.

10.7 Mr James TO enquired whether the Administration would support the revelation of identity of sex offenders and the keeping of a record of offenders convicted of sex crimes. S for S said that the Law Reform Commission was considering the means of keeping a record of offenders convicted of sex crimes in an attempt to protect women and children on the one hand but would not contravene the personal privacy of offenders on the other.

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2008 Olympic and Paralympic Equestrian Events

10.8 Mr WONG Kwok-hing asked about the preparatory work of the Police for the Torch Relay and hosting of the 2008 Olympic and Paralympic Equestrian Events in Hong Kong. He also enquired about the progress of the setting up of the dedicated financial intelligence team for the fight against terrorist financing and the financing of weapons of mass destruction. S for S said that the Torch Relay and the 2008 Olympic and Paralympic Equestrian Events would be great events for the people of Hong Kong, and it was hoped that these could be carried out in a solemn and orderly manner. He said that the Police would strive to ensure the smooth running of the Events. The Police had demonstrated its capability in maintaining law and order during major events such as the World Trade Organization Conference in 2005. As regards the fight against terrorist financing and the financing of weapons of mass destruction, S for S advised that about \$35.849 million had been earmarked for the setting up of the dedicated financial intelligence team and enhancing consular security. A total of 100 posts would be created, including 44 and 27 posts respectively for the fight against terrorist financing and the financing of weapons of mass destruction, and 27 posts for enhancing liaison, co-operation and intelligence exchange with consular posts and officially-recognized representatives in Hong Kong.

10.9 Mr LEUNG Kwok-hung was of the view that the rights of protest had been eroded as the Government refused the entry of certain individuals and applications for demonstration during the 2008 Olympic and Paralympic Equestrian Events. S for S said that over the past years, it had been demonstrated that Hong Kong people had enjoyed the freedom of expression and right of protest, given that many protests and demonstration took place in Hong Kong. The Government would act in accordance with the law and would make efforts to protect the freedom of expression while ensuring that the Events would be held in a solemn and peaceful manner. As regards entry into Hong Kong, S for S advised that each case had to be assessed on its merits in accordance with the visa control policies.

Publication of indecent photographs on the Internet

10.10 Referring to the recent circulation of indecent photographs on the Internet, Mr LAU Kong-wah enquired whether additional manpower resources would be provided to curb such activities. CP said that officers dealing with cyber crimes relating to obscene and indecent articles and internet security issues

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were mainly from special duty squads in the Force. The staff concerned were experienced in investigating cyber crimes and would also be provided with appropriate training on law enforcement actions against such crimes. Where necessary, the Technology Crime Division of the commercial Crimes Bureau would also provide technical advice and support.

Domestic Violence

10.11 Mr Ronny TONG enquired about the resources earmarked for dealing with domestic violence, other than the provision of \$3.525 million for upgrading the computer hardware and applications of the "Central Domestic Violence Database". He also enquired about the operation of the 24-hour "Police Direct Referral Hotline" set up by the Social Welfare Department (SWD) to facilitate Police request for emergency services from SWD. CP advised that while no additional financial resources had been allocated for dealing with domestic violence, more manpower resources had been deployed to deal with these cases. A number of improvement measures had been introduced, for example, frontline officers were required to identify and assess risk factors in the cases, take appropriate actions and arrange for emergency referral for the victims. The "One Family One Team" approach was adopted whereby the same investigation team would take over all investigations involving the same family. Appropriate training would also be provided to frontline staff. As regards the 24-hour "Police Direct Referral Hotline", CP explained that it was a special arrangement worked out between SWD and the Police to facilitate liaison between the two departments where emergency referral services were required.

Vessels and equipment

10.12 Mr LEE Wing-tat said that the recent incidents involving the stranding of high-performance Marine Police launches had aroused concern about the maintenance of government vessels, as the repair costs were rather high. He asked whether similar incidents in January 2001 had thrown any light on improvements required, for example, whether the stranding was caused by technical failure or lack of training on the personnel involved. CP said that detailed investigation was being carried out, and a number of factors could have caused the stranding, for example, the weather and sea conditions at the time of the accident, and technical or human errors. In response to Mr LEE Wing-tat, the Administration undertook to provide information on the investigation findings on the two incidents in 2001.

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10.13 Mr Ronny TONG enquired about the number of laser guns in the Force which were of the same model as the one involved in a recent court case. He asked whether resources would be allocated for the procurement of laser guns with digital functions to facilitate speed enforcement. CP said that there were 27 laser guns of the same model in the Force. The Police was keeping close watch on new devices introduced into the international market and which were acceptable to the courts. If digital device was to be used, it would be necessary to seek legal opinion on their acceptability in courts. A sum of about \$0.9 million had been earmarked for the procurement of new devices with digital functions for trial use in speed enforcement. In response to Mr TONG, the Administration undertook to provide the estimated price of laser guns with digital camera function in the market.

Immigration control

10.14 Mr Howard YOUNG said that while he welcomed measures to facilitate entry of participants of the 2008 Olympic and Paralympic Equestrian Events in Hong Kong, and extension of self-service clearance to eligible frequent visitors, he was concerned that such arrangements would have implications on the time of immigration clearance for residents and other visitors entering Hong Kong. The Acting Director of Immigration said that 10 additional E-channels would be provided to eligible frequent visitors on top of those for local residents. The frequent visitor E-Channels would be implemented as a pilot scheme for self-clearance by eligible frequent visitors. They could use their passports for self-clearance after enrolment into the scheme. A feasibility study would be conducted at a later stage on the use of E-Channels which could read both passports and Hong Kong identity cards. During the period when the 2008 Olympic and Paralympic Equestrian Events would be held in Hong Kong, additional counters and staff dedicated to receive participants of the Events would be provided, so that the clearance of other visitors would not be affected.

10.15 Mr LAU Kong-wah noted with concern that there was a sharp increase in 2007 in the number of torture claimants who had made their claims under the Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (the Convention). As a result, there had been a substantial increase in the manpower and resources to cope with the situation. While the Immigration Department had since tightened the visa requirements for certain countries, such as Nepal, Pakistan, Sri Lanka, Republic of Congo, Togo, Bangladesh and Ghana, it had not tightened such requirements on countries, such

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as India, where a large number of claimants came from. He asked whether the provision of additional resources and manpower to deal with the torture claims implied continued increase in such claims. S for S said that as a party to the Convention, Hong Kong had to discharge its obligations under the Convention. There was a need to provide additional manpower and resources to process the torture claims which had increased from 186 in 2005, to 514 in 2006 and 1 583 in 2007. As detailed assessment would need to be performed on each torture claim, the process would take a long time to complete. As a result, there was a backlog of cases requiring processing. S for S added that following the tightening of visa requirements for certain countries, there was an influx of claimants who entered Hong Kong via the Mainland illegally. The Government was now discussing with the Mainland authorities to address the problem.

10.16 Miss CHOY So-yuk enquired about the progress of discussions with the Mainland on relaxing the entry of Chinese emigrants living in Southeast Asian countries such as the Philippines. S for S said that Chinese emigrants holding Chinese passports were required to apply for visas to enter Hong Kong. If they needed to transit Hong Kong for the Mainland, they would be given transit visas for seven days. Discussions were being held with the Mainland authorities on relaxing the visa requirements for Chinese emigrants holding Chinese passports who had taken up residence in Southeast Asian countries.

10.17 Miss CHOY So-yuk expressed concern about the problems faced by children of Mainland mothers but were born in Hong Kong. There was no one to take care of them in Hong Kong as their mothers had to return to the Mainland. Neither could these children reside and receive education in the Mainland because their families had violated the "one child policy". She asked what assistance would be rendered to these children. S for S advised that Mainland mothers who chose to violate the "one child policy" by giving birth to children in Hong Kong should already be aware of the consequences. It was not possible for the Government to solve their problems.

10.18 In response to Miss CHOY So-yuk, S for S agreed to look into the queuing problem at the border control points associated with returning residents driving their vehicles back to Hong Kong.

Public safety

10.19 Mr Albert HO expressed concern about Hong Kong's inability to assist in the rescue operation of the Ukrainian tugboat that was sunk in Hong Kong waters. He enquired if there was a need to review the capability of rescue and upgrade the necessary installations. Co-operation should also be sought from neighbouring countries to identify ways to facilitate rescue. S for S said that while it was the responsibility of the Director of Marine to co-ordinate rescue operations at sea, the Fire Services Department (FSD) and the Police had been offering assistance in the rescue. The Director of Fire Services (D of FS) said that the Ukrainian tugboat had sunk after colliding with an inbound Mainland-registered cargo ship. It was lying upside down on the seabed near the Brothers Island. Owing to poor visibility and strong currents, rescue operations had been very difficult. As the tugboat was lying in 37 metre deep waters, divers could at most stay underwater for about 20 minutes, otherwise they would face decompression problems which could lead to decompression sickness and even death. The 4 000-tonne floating derrick from the Mainland, the Hua Tian Long, would be arriving Hong Kong next week to lift the tugboat. He further said that there were technical difficulties in arranging for much larger floating derricks to Hong Kong, because of the shallow water levels. Meanwhile, co-operation would be sought from the Guangzhou Salvage Bureau on salvage operations.

10.20 Miss TAM Heung-man was concerned that the ambulance dispatch system of FSD had not been providing an efficient and timely emergency service in some cases. D of FS explained that the dispatch system of FSD would assign the ambulance that could reach the scene within the shortest time to attend to the call.

Countering the menace of drugs

10.21 Mr LEE Wing-tat noted that with the vigorous enforcement actions taken against drug-related crimes and youth drug abuse in Hong Kong, drug abusers had chosen to travel across the boundary to obtain drugs from Shenzhen. S for S said that the law enforcement agencies in Hong Kong worked in close partnership with their counterparts in the Mainland to prevent drug abuse. The Shenzhen authorities were equally committed to tackling the drug problem at the entertainment venues. The Commissioner for Narcotics added that the Shenzhen authorities had stepped up their anti-drug measures, such as conducting frequent raids on entertainment venues and increasing penalties for drug abuse. Hong

Kong residents who committed drug abuse offences in Shenzhen would be subject to administrative detention for 15 days for the first offence, and heavier penalties for subsequent offences. Additional resources would be made available to tackle the drug problem, including the launching of a territory-wide anti-drug publicity campaigns and enhancement of law enforcement actions. CP said that the law enforcement agencies in Hong Kong and the Mainland had been making co-operative efforts to counter the menace of drugs and intelligence exchange operations were being set up in Guangzhou and Shenzhen.

Treatment of offenders

10.22 Mr CHIM Pui-chung enquired about the resources allocated for the rehabilitation of offenders. He said that in some North European countries, long-term prisoners were allowed to spend time with their families after they had been imprisoned for two to three years, and such arrangement would help rehabilitate offenders. S for S responded that custodial sentences were meant to be a punishment for offenders. While serving their custodial sentences, offenders would be given training and education to help them re-integrate into the society upon release. On the suggestion of allowing long-term prisoners to spend time with their families outside prison, S for S said that this would require careful consideration as it would have impact on the community.

10.23 Mr CHIM Pui-chung enquired if there was any price difference between Chinese and Western meals for prisoners, and whether prisoners could be allowed to choose Chinese or Western meals. He also asked whether prisoners could buy soy sauce for their meals. The Commissioner of Correctional Services said that there was no price difference between Chinese and Western prison meals. The allocation of meals would be based on prisoners' nationalities, their living habits and health considerations. He advised that the meals provided at the penal institutions were considered nutritious and sufficient. The arrangement to allow prisoners to purchase soy sauce at their own expense would have security and other implications which needed to be looked into.

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11.1 At the Chairman's invitation, Mr Matthew CHEUNG, Secretary for Labour and Welfare (SLW), briefed members that the recurrent spending on social welfare in 2008-2009 was \$37.8 billion, representing an increase of \$3.8 billion (+11.2%) over the Revised Estimate for 2007-2008. It accounted for 17.6% of Government's recurrent expenditure and was the second largest spending item after Education. He then highlighted how the Labour and Welfare Bureau (LWB) was going to make use of these additional resources (Appendix IV-9).

Social security

11.2 Noting that the Administration proposed to provide an additional month of the Comprehensive Social Security Assistance (CSSA) standard rate payments to recipients, Mr WONG Kwok-hing was concerned about the Administration's measures to prevent possible misappropriation of the additional payments to the elders by private homes for the elderly.

11.3 SLW advised that the additional CSSA payments were paid to the recipients. He stressed that private homes for the elderly had no right to pocket the additional payments or use the money to subsidize the home fees. The Administration had taken action in more than 10 complaint cases relating to alleged unauthorized use of additional CSSA payments by residential care homes for the elderly (RCHEs) in 2007-2008. If there were breaches of the licensing conditions or non-compliance by private homes for the elderly, the licensing authority would investigate and take legal action where appropriate. The Director of Social Welfare (DSW) added that the Elderly Services Association of Hong Kong was also very concerned about the matter and had reminded its members not to pocket the additional CSSA payments to be given to the elderly. The Social Welfare Department (SWD) would soon issue a letter to remind all RCHEs on this. For incapacitated CSSA recipients living in private RCHEs, their relatives or a social work officer of SWD could be authorized to handle the money on their behalf if needed.

11.4 Mr LEE Cheuk-yan said that he was surprised to note that the number of CSSA able-bodied unemployed recipients receiving CSSA for more than five years as at February 2008 was about 10% higher than that in February 2007, and they constituted about 40% of all CSSA unemployed recipients. While expressing worries about the sustainability of the CSSA scheme, he considered that the increase in able-bodied CSSA recipients also reflected the ineffectiveness of the employment assistance, such as the Intensive

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Employment Assistance Projects (IEAPs). Mr LEE also expressed concern that while the revised estimated expenditure for IEAPs in 2007-2008 was \$57.6 million, the estimated expenditure in 2008-2009 (up to September 2008) was only \$17.2 million. He asked about the reason for the significant reduction in IEAP expenditure and the way forward after September 2008.

11.5 SLW said that the Administration was very concerned about the long stay of the able-bodied unemployed recipients in the CSSA scheme. While there was a reduction in the overall number of CSSA unemployed cases from about 38 000 (involving about 75 000 recipients) at the end of 2006 to some 32 000 (involving 60 000 recipients) in February 2008, there were difficulties in assisting some unemployed CSSA recipients to find or stay in employment. Nevertheless, the Administration would continue its efforts to build up the recipients' capacity for employment through various schemes, such as IEAPs and the Special Training and Enhancement Programme. The Administration would also work with the Employees Retraining Board to see how training could help CSSA recipients to develop work habits and stay in work.

11.6 DSW advised that IEAPs were currently financed by the public fund. If these projects proved to be effective, the Administration would secure further funding to continue implementing the projects. He observed that some of the CSSA unemployed recipients with low education and skill levels had difficulties in finding employment. While the Administration would spare no efforts in providing employment assistance to them, it might not be easy for some of them to rejoin the job market.

The elderly

Old Age Allowance

11.7 Dr YEUNG Sum considered that an increase in the demand for elderly services was inevitable given the ageing population. He was of the view that instead of capping the rate of Old Age Allowance (OAA), the Government should consider commissioning academic studies on the establishment of old age pension to enhance retirement protection for the elderly population in the long run.

11.8 SLW advised that LWB would conduct an in-depth study on how best to improve the OAA Scheme with a view to working out a sustainable and

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affordable option for the community by the end of 2008. The Administration would listen to the views of Members and various stakeholders. SLW further advised that retirement protection was now provided through the three pillars of personal savings of the elders, their savings under the Mandatory Provident Fund and the CSSA scheme which provided a safety net for elders.

11.9 Mr WONG Kwok-hing expressed strong dissatisfaction that the one-off grant of \$3,000 OAA only meant to delay the review of the OAA policy. He urged the Administration to expedite the OAA review given the inflationary trend. He asked whether the scope of OAA, such as the age limit, the means-tested requirement for elders between 65 and 69, and the permissible limit of absence from Hong Kong, would be reviewed.

11.10 SLW explained that the one-off grant of \$3,000 OAA was intended to enable the elders to share the fruits of local economic prosperity instantly. He acknowledged the need to address the inflation problem as early as possible, but it would be necessary to gauge public opinions and evaluate the various options before coming up with recommendations. The Administration would keep an open mind on how best to improve the OAA scheme.

Support and care services for the elderly

11.11 Noting that an additional recurrent funding of about \$79 million was provided in the 2008-2009 Estimate to enhance services for the elderly, Dr YEUNG Sum considered that the Administration should also conduct a comprehensive review of the demand for subsidized residential care places for the elderly.

11.12 Dr Fernando CHEUNG pointed out that a total of 6 126 and 6 213 elders were on the wait-list for subsidized nursing home (NH) places as at April 2007 and February 2008 respectively. During the period from April 2007 to February 2008, only 377 elders (about 6%) on the wait-list were allocated places, while 1 539 elders (about 25%) passed away while waiting for a place. Dr CHEUNG found this regrettable.

11.13 SLW acknowledged that there was keen demand for subsidized residential care services for the elderly, and it was a challenge to the Administration in providing sufficient places for needy elders. However, he pointed out that under the policy of "ageing in the community", many of the elders

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on the wait-list for subsidized residential care places had already been provided with subsidized home-based or centre-based community care and support services. Some of them were already staying at private RCHEs.

11.14 Mr SIN Chung-kai considered it difficult to realize the principle of "ageing in the community" in Hong Kong due to space constraints in the homes of most local families. He opined that the Administration should consider building NHs for the elderly at locations near West Rail Line stations to meet the acute demand in the New Territories West region. Such arrangement would facilitate the families of the elders to visit their elderly family members in NHs, and help create job opportunities in the region. He also urged the Administration to formulate a long-term plan for meeting the demands for NHs.

11.15 SLW responded that the Administration was working closely with the Elderly Commission (EC) on the long-term planning for subsidized welfare services for the elderly. EC would conduct an in-depth study on how to target subsidized residential care services at elders most in need, and how to promote further development of quality self-financing/private residential care services. Pending completion of the study, the Administration had launched a District-based Trial Scheme on Carer Training to provide support services to carers of the elderly.

Combating domestic violence

11.16 Referring to the Administration's plan to strengthen direct support to victims of domestic violence, including enhancing the hotline service of SWD, Miss TAM Heung-man expressed concern about the hotline service after office hours as many cases of domestic violence occurred in the evenings. SLW advised that SWD had recently enhanced its hotline service by revamping the call flow to channel calls on social security enquiries to the Integrated Call Centre (ICC). If ICC received calls requiring assistance from social workers, the calls would be transferred to the Departmental Hotline Service Unit (DHSU) of SWD. The arrangements had enabled professional social workers to handle calls requiring counselling more promptly and provide timely intervention service for individuals and families in crisis. SWD had also allocated additional resources to further strengthen the capacity of the hotlines run by the Family Crisis Support Centre and CEASE Crisis Centre to provide back-up hotline service outside the operating hours of SWD's DHSU, in order to provide timely assistance to those in need. DSW pointed out that domestic violence did not always happen in the

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evenings or at midnight. In fact, domestic violence mostly occurred in afternoons or during day time, and DHSU was able to provide counselling services and other assistance to the needy when required.

11.17 Mr Ronny TONG referred to the Commissioner for Police's reply to his earlier question that the 24-hour "Police Direct Referral Line" was not a real hotline. He sought more details on the operation of the SWD hotline service and how the service would be enhanced with a provision of \$5.3 million.

11.18 SLW advised that the 24-hour "Police Direct Referral Line" was a special arrangement worked out between SWD and the Police to facilitate the latter to seek professional advice and/or immediate social work support in handling urgent and high risk battered spouse case. DSW added that under the arrangement, social workers would perform outreaching duties with the Police to handle crisis situations when necessary.

11.19 Noting that the capacity of the four refuge centres for women would be increased by phases from 195 to 260 places in the coming year, Miss TAM Heung-man considered that the increase would still be insufficient to meet the rising demand. DSW explained that the increase in places was to provide temporary accommodation and supportive services to women and their children affected by domestic violence at different districts. If a particular family or victim of family violence required separate accommodation on a long-term basis and was unable to make such arrangement with their own means, SWD would liaise with the Housing Department to arrange a public rental housing unit for the family or victim as appropriate.

11.20 Members noted that the performance indicators in respect of vulnerable households newly and successfully contacted through outreaching attempts per worker in 2008-2009 remained more or less the same as those in the preceding years, because of staffing constraints in the Family Support Networking Teams (FSNTs). Ms LI Fung-ying considered that although the Family Support Programme (FSP) could help identify families at risk, it could not replace FSNTs which rendered proactive and targeted outreaching services to vulnerable families. As there were only seven FSNTs serving the entire territory, she urged the Administration to allocate more resources to set up additional FSNTs.

11.21 DSW responded that FSNTs were not the only units which provided outreaching services for vulnerable families. FSP launched in Integrated Family

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Service Centres (IFSCs), Family and Child Protective Services Units (FCPSUs) and Psychiatric Medical Social Services Units also provided outreaching services for families at risk with a view to introducing available support services to those families and motivating them to receive services to prevent further deterioration of their problems. DSW explained that although no additional provisions were allocated to FSNTs in 2008-2009, new resources had been provided to strengthen the support services provided under IFSCs and FCPSUs. In this regard, Ms LI requested the Administration to provide specific information on the manpower for the outreaching service provided to vulnerable families under FSP.

11.22 Mr Ronny TONG considered it important for the Government to provide quality welfare services to meet the rising expectation of the community. Noting the growth in caseload of FCPSUs over the past few years and that the number of average supervision cases per worker in 2008-2009 would be increased to 51, Mr TONG was concerned whether the quality of the services provided by FCPSUs could be maintained.

11.23 The Deputy Director of Social Welfare (Services) (DD(S)) advised that the caseload of FCPSUs in the revised 2007-2008 Estimate was 10 779, i.e. the number of average supervision cases per worker was 49. With the projected caseload of 10 995 in 2008-2009 and an increase of five additional social workers, the number of average supervision cases per worker would rise to 51. DD(S) pointed out that the number of workers in the units had been gradually increased from 123 in 2005 to 151 in 2007 and 156 in 2008. DSW said that the caseload of FCPSUs was within manageable level because not all cases handled by the units were complicated ones. In this connection, Mr Albert HO pointed out that the number of average supervision cases per worker in overseas places were only between 20 and 30.

11.24 Miss CHAN Yuen-han expressed concern that no new resources had been earmarked for the implementation of the Domestic Violence (Amendment) Bill 2007. She envisaged that the workload related to domestic violence would increase and the Administration should allocate more resources to strengthen manpower support in anticipation of the passage of the Bill.

11.25 SLW re-iterated that in 2008-2009, an additional provision of \$40 million would be provided to strengthen support to victims of domestic violence and families in need. Apart from enhancing the training of relevant front-line professionals in handling domestic violence cases, the Administration

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would also provide an anti-violence programme for batterers of domestic violence upon enactment of the Bill. The Deputy Secretary for Labour and Welfare (Welfare) 1 (DS(W)1) anticipated that expanding the scope of protected persons under the Bill would increase the number of persons eligible to apply for injunction, which would bring about additional work for the Court and higher legal aid expenditure. There might also be increased demand for housing assistance for persons subject to the exclusion order. The resource requirements in these areas would be absorbed by the relevant bureaux and departments, and therefore would not be reflected in the allocation for LWB or SWD.

Child care services

11.26 Miss TAM Heung-man was concerned that many women could not return to the job market because of the lack of child care services. She urged the Administration to provide more child care places and extend the service hours. SLW advised that to strengthen the support to parents who were unable to take care of their children because of work or other reasons, the Administration would allocate additional funding of \$45 million over the next three years to promote various types of child care services that offered greater flexibility, and also strengthen the day foster care service. In this regard, the Administration would commission non-governmental organizations (NGOs) and district organizations to launch a "Neighborhood Support Child Care Project" (The Neighborhood Project) in 2008-2009. The Neighborhood Project had two components: centre-based care group and home-based child care service. To promote mutual help in the neighborhood, operators would train up local residents to become home-based child carers, and they could assist in implementing the centre-based care group service. Child care fees could be waived for families in financial difficulty. In addition, the operating hours of the new services would be more flexible, including providing service in the evenings, during weekends and certain holidays.

11.27 Mrs Anson CHAN enquired about the number of places to be provided under the Neighborhood Project and how far the provision could meet the current overall demand for child care services. She questioned why the Neighborhood Project would have to be implemented in phases. SLW said that as a start, the pilot project would be implemented in phases in five to six locations, viz. Yuen Long, Tuen Mun, Tung Chung, Kwai Chung, Sham Shui Po and Kwun Tong, where the demand for child care services was more pressing. Local charitable organizations, including NGOs, women's groups and religious bodies,

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would be invited to participate in the pilot projects. SLW advised that if the pilot project proved to be effective, the Administration would implement the Neighborhood Project territory-wide. Mrs Anson CHAN requested the Administration to provide detailed figures on the demand for various types of child care services, and how far such demands could be met by child care services funded by the Government.

11.28 Miss CHAN Yuen-han welcomed the Administration's initiative to implement the Neighborhood Project. She commented that the success of the Project would depend on the degree of convenience and flexibility it could provide to parents in need. It was also important for the Government to make available premises for such services. Noting that the average utilization rate of the child care centres for infants aged zero to three during April to December 2007 was already 94%, Miss CHAN was concerned that the additional provision of \$45 million for the next three years would not be sufficient to promote the various types of child care services.

11.29 SLW advised that the pilot child care projects would target at children aged under six. As regards the premises for launching the projects, SLW explained that the home-based child carers would take care of the children at their own homes or at the child's home, while the centre-based child care groups would operate at other suitable premises, such as those of the NGOs concerned.

Rehabilitation

11.30 Noting that the Administration would introduce a transport supplement for persons with disabilities (PWDs), Dr YEUNG Sum considered that the Government, as the major shareholder of the MTR Corporation Limited (MTRCL), should urge MTRCL to offer concessionary public transport fares to PWDs in the spirit of corporate social responsibility. SLW responded that the proposed transport supplement was to further encourage PWDs to participate in activities away from their homes. The Administration proposed to provide an additional monthly transport supplement of \$200 each to recipients of Disability Allowance aged between 12 and 64, and recipients under the CSSA Scheme in the same age group with 100% disability. The proposal involved an annual expenditure of \$230 million and would benefit about 96 000 PWDs. Separately, the Administration would continue to encourage MTRCL to offer concessionary fares for PWDs in the spirit of corporate social responsibility.

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11.31 Dr Fernando CHEUNG noted that among the 490 new subsidized residential places for PWDs to be provided in 2008-2009, the exact locations of the sites in three areas had yet to be confirmed. He was very concerned that these residential places could not be provided within 2008-2009. Dr CHEUNG also asked about the selection of sites and the time-table for setting up the 16 District-based Community Support Centres to provide one-stop community support services to PWDs and their families/carers. In response, SLW and DD(S) advised that while it might not be easy to identify suitable sites for the development of residential care homes for PWDs, all sites relating to the 490 new places had been identified. However, some of the sites for the 16 Centres had yet to be identified. At the request of Dr CHEUNG, the Administration undertook to provide information on the locations of the sites for providing the 490 additional residential places for PWDs.

11.32 Mr Albert HO expressed grave concern about the increase in the average waiting time for various residential rehabilitation homes for PWDs from 2003-2004 to 2006-2007. He asked whether the Administration had set a service indicator on the acceptable waiting time. SLW responded that the Government was mindful of the growing need for residential care services for PWDs, and would strive to allocate more resources to meet the demand in accordance with the strategic directions set out in the 2007 Hong Kong Rehabilitation Programme Plan.

11.33 Dr Fernando CHEUNG noted that despite three new rehabuses had been provided in 2007-2008, there was an increase in the number of declined orders for rebus dial-a-ride services from 8 000 in 2006-2007 to some 9 000 in 2007-2008. He considered that the supply could not catch up with the demand. SLW advised that in 2008-2009, the Administration would arrange to replace 24 rehabuses and procure eight additional ones. Six of the eight additional rehabuses would be used to provide scheduled route services which would be able to fully accommodate the present demand. The Commissioner for Transport supplemented that almost 100 000 orders (over 90% of the orders were served) for dial-a-ride service had been received in the past year. Two additional rehabuses would be provided to dial-a-ride service to cope with the increased demand. The Administration expected that the introduction of wheelchair-accessible hire car service by Hong Kong Society for Rehabilitation could help alleviate the problem.

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11.34 Dr KWOK Ka-ki expressed disappointment that in 2008-2009, the Administration would set up only one Integrated Community Centre for Mental Wellness in Tin Shui Wai which could only serve 450 clients. Dr KWOK considered it inadequate for meeting the demand, and urged the Administration to assign more medical social workers to the centre.

11.35 SLW explained that the Centre in Tin Shui Wai was to provide one-stop community support and social rehabilitation services for persons with mental problems. Apart from providing centre-based training and supportive group work services, it would also reach out to persons with suspected mental health problems in the community and provide them with suitable counselling and support services. The Centre would be operated by a NGO and would serve about 450 discharged mental patients/persons with suspected mental health problems and 1 200 family members/carers per year.

11.36 Dr KWOK Ka-ki expressed concern that the provision of merely \$50 million for dealing with drug abuse among youth reflected the Government's lack of commitment to tackle the serious problem. He queried why the indicators for outreaching social work did not provide for an increase in the projected number of cases served and number of clients identified.

11.37 SLW advised that District Outreaching Social Work Teams and Overnight Outreaching Services for Young Night Drifters operated by subvented NGOs would reach out to high-risk youth to provide early identification and intervention service, as well as timely support to steer them back to the right course. DSW added that the subvented Drug Treatment and Rehabilitation Centres were also exploring new ways to tackle drug problems among youth.

Women's interests

11.38 Ms Emily LAU considered that women's well being should be a human rights issue rather than a welfare issue. She was disappointed with the slow progress in promoting women's interests. Notwithstanding that a network of Gender Focal Points had been set up since 2003 in all bureaux and departments to promote gender mainstreaming within the Government, she was surprised to note that the Administration was still at the stage of providing gender-related training for civil servants to enhance their understanding of gender mainstreaming. Ms LAU requested the Administration to state in future Estimates the specific tasks and targets to be achieved in this regard. She also sought the

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Administration's elaboration on the application of the Gender Mainstreaming Checklist to four new areas, viz pre-primary education, health programme for women, provision of sport facilities and provision of market facilities.

11.39 SLW advised that the Government attached much importance to the promotion of the well-being and interests of women in Hong Kong. Among others, the Government had implemented gender mainstreaming and applied the Gender Mainstreaming Checklist to 28 policy or programme areas since 2002. Relevant government departments had taken active steps to improve the community facilities to meet the needs of women, such as providing more closet cubicles for female and breastfeeding facilities. For example, the Food and Environmental Hygiene Department had increased the water closet ratio for female to male to 2:1 in the provision of public toilet facilities. In addition, the Leisure and Cultural Services Department had included breastfeeding room as a standard provision in the planning of major new leisure facilities and in renovating/upgrading existing facilities. He assured members that the Government would continue to promote the well-being and interests of women through providing an enabling environment, empowering women and launching public education.

11.40 DS(W)1 supplemented that apart from applying the Gender Mainstreaming Checklist, many government departments had applied the gender mainstreaming concept to their daily work. For instance, the Auxiliary Medical Service would assign at least one female officer to each emergency service team and service would be provided by an officer of the same sex as the injured. The equipment and facilities of government offices and disciplinary forces had also catered for the need of employees of both sexes. Separately, the validity period for making reimbursement claims for the Continuing Education Fund had also been extended from two to four years to address the needs of some applicants who might not be able to complete the study within the validity period due to health reasons, such as pregnancy.

Social welfare planning mechanism

11.41 Mrs Anson CHAN expressed concern that the Government had abolished the practice of formulating five-year plans for social welfare development, and the review of the subvention system for NGOs. SLW advised that after 1999, the Government had ceased to adopt the conventional five-year plans, which had been criticized as inflexible, for welfare planning purposes. He

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said that welfare planning was a long, complex process involving inputs from many parties, including Members, advisory committees, NGOs and service users. The Policy Address and the Budget delivered each year was the outcome of collaboration among various stakeholders, and set out the Government's views on and priorities for the longer-term development of the welfare system. The Administration would also study the long-term development of social welfare in Hong Kong through the Social Welfare Advisory Committee. In reply to Mrs Anson CHAN's further query, SLW said that while welfare service demand could be reflected by the utilization rates of various services and respective waiting lists, the Government had also assessed the demand by analyzing views collected from the welfare sector, and through the service co-ordination mechanism established under the 11 SWD District Social Welfare Offices.

11.42 Mr Albert HO shared Mrs CHAN's view. He considered that there should be a five-year planning mechanism to evaluate the long-term social welfare development and allocation of resources for meeting the various service demands. Mr Alan LEONG expressed support for a five-year plan mechanism to provide for a longer-term and broader perspective for the planning of social welfare services. With the formulation of a five-year plan, the Administration and the community could regularly evaluate the supply and demand of welfare services and their effectiveness. It also provided a platform for various stakeholders to give views on the different measures to improve the services or meet changing demands in the community. Mr LEONG urged the Administration to adopt a long-term planning approach, instead of conducting annual consultation with the welfare sector only for the purpose of drawing up the Policy Address and the Budget.

11.43 SLW re-iterated that the Government had ceased the five-year planning model after 1999, but would note members' views. The Permanent Secretary for Labour and Welfare added that the Administration had all along adopted a forward-looking approach in the planning of social welfare services, with specific policy measures related to allocation of recurrent resources announced in the Policy Address and the Budget exercises annually.

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12.1 At the invitation of the Chairman, Mr Matthew CHEUNG, Secretary for Labour and Welfare (SLW), briefed members on the key measures of the Labour and Welfare Bureau in 2008-2009 to improve employment; promote labour relations; protect employees' rights and benefits; and enhance wage protection, occupational safety and health, as well as training and retraining services (Appendix IV-10).

Wage Protection Movement

12.2 Miss CHAN Yuen-han noted that as at the end of February 2008, only 1 089 companies had participated in the Wage Protection Movement for cleaning workers and security guards (WPM) despite the appeal letters sent by the Labour Department (LD) to some 16 000 companies/organizations in various sectors of the community in 2007-2008. Miss CHAN considered that the poor response reflected that WPM was a failure, and that the Administration should introduce a statutory minimum wage for cleaning workers and security guards expeditiously.

12.3 Mr LEE Cheuk-yan opined that WPM should be declared a failure, and that legislative process on mandating a minimum wage should commence as soon as possible. He said that some cleaning workers working in Heng Fa Chuen managed by the MTR Corporation Limited (MTRCL) claimed that they were paid less than the relevant average market wages. A worker of the Hong Kong Housing Society (HKHS) also claimed that he worked more than eight hours a day and was paid below the average wage. Mr LEE was disappointed that MTRCL and HKHS, being public bodies and participating members of WPM, did not comply with the wage protection pledge. Dr Fernando CHEUNG added that some cleaning workers in Heng Fa Chuen were not given rest days, which was in breach of the Employment Ordinance (Cap. 57) (EO). Dr CHEUNG enquired what measures the Administration would bring in to address the issue and monitor compliance.

12.4 Noting that response from companies to WPM had been reportedly lukewarm, SLW maintained that it was premature to conclude at the present stage whether or not WPM was effective. He cautioned that it should not be presumed that companies not joining WPM in response to the appeal letters were paying their cleaning workers and/or security guards wages below the relevant average market rates. In fact, he understood that a number of owners' corporations did comply with the wage requirements, but had chosen not to join WPM formally. At present, some 30% of cleaners and security guards enjoyed wage protection

under WPM and the mandatory wage arrangement for government outsourced workers. He added that the effectiveness of WPM should not be measured by the number of companies participating, but the number of workers actually benefited from the increase in wage level. He emphasised that an overall review of WPM would be conducted in October 2008 as pledged by the Chief Executive in his 2007-2008 Policy Address. To ensure that no time would be wasted, the Administration had in parallel commenced preparatory work for the possible introduction of a statutory minimum wage for cleaning workers and security guards in the event that the October review found the voluntary WPM ineffective. LD would consult the Labour Advisory Board (LAB) in the second quarter of 2008 on the mechanism and criteria for assessing the overall effectiveness of WPM. SLW stressed that WPM should be allowed to run its course in accordance with the road map, and an overall review had already been scheduled for October 2008. He assured members that during the lead-up to the review, the Administration would continue to promote WPM vigorously, monitor progress closely and explore possible wage protection enhancement measures with relevant departments. SLW also undertook to follow up the MTRCL and HKHS cases, emphasising that any violations of EO and non-compliance with the terms of WPM, if established, would be handled in accordance with the agreed rules for WPM.

12.5 Miss CHAN Yuen-han noted that only one Senior Labour Officer, one Labour Officer, and one Programme Officer (non-civil service contract staff) were deployed for preparatory work for the possible introduction of minimum wage legislation. She expressed grave concern that such a limited staffing level could not cope with the preparatory work before close of the current legislative session. SLW responded that the three officers were dedicated staff responsible for the preparatory work. With other support available in LD, the preparatory work could be completed on time. He assured members that should the October review find WPM not achieving satisfactory results, a bill on a statutory minimum wage for cleaning workers and security guards would be introduced as early as possible in the 2008-2009 legislative session.

Family-friendly employment practices

12.6 Miss TAM Heung-man conveyed the concerns of the accounting profession about their long working hours and lack of compensation for overtime work. She urged the Administration to step up efforts to promote family friendly policies in employment to enable professionals and other employees to achieve a

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better balance between work and family life. Dr Fernando CHEUNG also enquired about the concrete improvement measures in this respect, such as legislating on working hours and the family-friendly employment practices.

12.7 SLW advised that legislation in overseas countries on working hours generally covered basic-tier employees but not professionals, such as accountants. He said that there was no plan at present to legislate on working hours and the family-friendly employment practices, as views within LAB and different sectors of the community remained diverse. He said that the promotion of harmonious labour relations and enlightened the family-friendly employment practices would remain one of the Administration's key priorities in 2008-2009. These would be achieved through publicity, education programmes as well as outreaching efforts through LD's networks of 18 Human Resources Managers Clubs and nine-Industry-based Tripartite Committees. A booklet featuring real-life examples to showcase exemplary employment practices would also be produced to increase employers' awareness that the family-friendly employment practices in the workplace would enhance staff morale, increase productivity and improve labour relations.

Review of Employment Ordinance

12.8 In view of the rising number of employees not engaged under a continuous contract, Ms LI Fung-ying was concerned that some unscrupulous employers had deliberately limited their employees' working hours to just below 18 hours per week such that they were not required under the "4-18 requirement" of EO to grant their employees statutory employment benefits entitled under a continuous contract. Ms LI enquired what actions would be taken by the Administration to follow up on the survey findings on "Benefits of employees under the Employment Ordinance" published earlier.

12.9 SLW advised that the Administration would consult the stakeholders and review the EO provisions on continuous contract, in order to strike a balance between the interests of both employees and employers in line with the overall socio-economic development of Hong Kong. The Administration hoped that concrete proposals on the way forward could be submitted to the Legislative Council (LegCo) Panel on Manpower for discussion by end-2008.

Wage offences and Labour Tribunal awards

12.10 Referring to the Sing Pao Daily News' continued failure to pay salaries and Mandatory Provident Fund contributions on time, Mr WONG Kwok-hing expressed great concern about the ineffectiveness of the enforcement of Labour Tribunal (LT) awards. While LD had secured 960 convictions against wage offences in 2007, an increase of 22.3% over 2006, it remained difficult to enforce the awards handed down by LT. He considered it ineffective and unfair that the employees themselves had to enforce the LT awards. He asked what improvement measures would be put forward to improve the situation.

12.11 In reply, SLW stressed that the senior levels of the Administration were very concerned about wage defaults and non-compliance with LT awards. He said that payment of wages on time was a statutory requirement. The Administration had all along accorded priority attention to the enforcement of LT awards and was firmly committed to combating wage offences. He said that as a result of the Administration's all-out efforts to combat wage offences at source, LD had secured a record high of 960 convictions against wage offences in 2007, up 22.3% over 2006. To complement LD's vigorous enforcement efforts to clamp down on wage default, the maximum penalty for wage offences had been substantially raised from a fine of \$200,000 and imprisonment for one year to a fine of \$350,000 and imprisonment for three years with effect from 30 March 2006 to strengthen the deterrent effect.

12.12 In response to Mr WONG Kwok-hing and Mr Alan LEONG, SLW assured members that the Administration would endeavour to identify practicable improvement measures to facilitate enforcement of LT awards to enable employees to recover their employment termination entitlements. Careful consideration and consultation would be required because of its complexity and implications on the legal procedures and judicial system. Mr Alan LEONG remarked that there had been calls for making non-compliance with LT awards a criminal offence, and amending EO to make it easier to hold company directors criminally liable for wage offences. Mr LEONG said that he personally doubted the effectiveness of such measures as unscrupulous employers could still shift the responsibility to innocent personnel staff. Nevertheless, in the absence of criminal sanction, employees would have to enforce the judgment themselves through civil proceedings. As in all civil actions where the litigating parties were responsible for enforcing the judgment, an employee would have to file a

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winding up or bankruptcy petition against the defaulting employer either through legal aid if he satisfied the means and merits test, or engage lawyers in private practice, which could be costly. Some unscrupulous employers, however, had effectively thwarted employees' attempt to pursue such a course of action by paying off only those who were granted legal aid but not those who were not. SLW thanked Mr LEONG for his views and said that he had written to the Secretary for Justice showing his concern on the difficulties on enforcement of LT awards and the need to improve the current situation. The matter would be discussed by the Panel on Manpower at its meeting scheduled for 24 April 2008.

12.13 Referring to the 960 convictions on wage offences and the 7 885 cases of labour disputes and claims involving arrears of wages handled by LD in 2007, Ms Emily LAU asked about the number of cases where claims were successfully made and the amount involved in 2007. In response, SLW and the Commissioner for Labour (CL) explained that an employer who failed to pay wages willfully and without reasonable excuse would be liable to prosecution. However, successful prosecutions did not necessarily imply recovery of outstanding wages by employees, because the fines would be paid to the Government revenue account. SLW advised that LD had achieved a settlement rate of 71.7% in 2007, the highest since 1994, in respect of the labour disputes and claims handled by LD. For dispute cases which were not successfully resolved through LD's conciliation, claims of \$8,000 or less would be referred to the Minor Employment Claims Adjudication Board, while claims exceeding \$8,000 would be referred to LT for adjudication. The Administration undertook to provide figures on cases involving arrears of wages referred to the Minor Employment Claims Adjudication Board and LT, cases where monetary awards were made by MECAB and LT and the amount involved in 2007 as well as information about and the assistance rendered in respect of those cases with defaulted awards.

Protection of Wages on Insolvency Fund

12.14 Mr LEUNG Yiu-chung remarked that under the existing provisions of the Protection of Wages on Insolvency Ordinance (Cap. 380), an employee could not recover all the wages, wages in lieu of notice, and severance payment owed by the insolvent employer. As the Protection of Wages on Insolvency Fund had a surplus, and the number of the Fund applications remained low, he enquired whether the Administration would consider providing 100% protection for employees under the Fund .

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12.15 SLW pointed out that the Fund was set up as a safety net to provide employees with timely relief in the form of ex-gratia payment in the event of the employer becoming insolvent. To extend its coverage to include recovery of all termination entitlements would deviate from the original objectives of the Fund. However, the Administration kept an open mind on suitably extending the the Fund coverage to better protect employees' rights. CL advised that the maximum amount of payment receivable under the Fund had been revised upward seven times from the original maximum of \$8,000 covering wages in arrears to \$278,500 at present, covering wages in arrears, wages in lieu of notice and severance payment. She added that the Protection of Wages on Insolvency Fund Board had in principle supported the proposal of extending the the Fund coverage to include outstanding payment for untaken annual leave.

The Employees Retraining Levy and the Levy on Foreign Domestic Helpers

12.16 Referring to the requirement for employers of foreign domestic helpers (FDHs) to pay to the Government \$400 per month per FDH hired for the purpose of providing training and retraining to local employees, Miss TAM Heung-man noted that the levy had not been utilized so far in view of the application for judicial review against the imposition of the levy lodged by some FDHs. She asked when and how the Government intended to use the levy collected, and whether the Administration had any plans to abolish or reduce the levy to ease the burden on families employing FDHs.

12.17 SLW explained that it was Government's established policy that employers hiring low-skilled imported labour should contribute towards the training and retraining of the local workforce. In line with this policy, all employers of imported labour under the designated labour importation schemes had been required to pay the Employees Retraining Levy since the commencement of the Employees Retraining Ordinance (Cap. 423) in 1992. The Employees Retraining Levy was used to finance the operation of the Employees Retraining Scheme for providing training and retraining for local workforce to adapt to changes in the labour market situation. With the approval of the Executive Council following the recommendation of the Task Force on Population Policy, employers of FDHs were also required to pay the levy as from October 2003.

12.18 Mr Jasper TSANG noted that from 2008-2009, the Government would cease its annual recurrent subvention to the Employees Retraining Board

(ERB), which would then be financed by the Employees Retraining Levy with money mainly coming from the levy paid by employers of FDHs. He questioned whether it was fair to use the levy paid by FDH employers to fund ERB's training and retraining services, and whether such funding arrangement had departed from the original policy objective. SLW clarified that ERB had always been financed by the Employees Retraining Levy since its inception in 1992. It was only after the completion of the construction of the Hong Kong International Airport with the consequential reduction in the number of imported workers and during the subsequent economic downturn that recurrent subvention was provided by the Government with effect from 2001-2002. On the use of the levy, SLW highlighted that while the economy had been picking up in recent years, it was necessary to continue to provide the local workforce, particularly the long-term recipients of Comprehensive Social Security Assistance (CSSA), with suitable training and retraining to enhance their employability help them adjust to the economic restructuring, and meet the challenges of a knowledge-based economy. The Administration therefore considered that there was a need to continue to collect the Employees Retraining Levy in order to support the stable and sustainable development of training and retraining services. In this regard, ERB had recently completed a strategic review of its future role and directions and extended its programmes to cover an expanded target group. ERB would submit its final recommendations to the Government for consideration and subsequent deliberation at the Panel on Manpower.

Pilot Transport Support Scheme

12.19 Ms LI Fung-ying urged the Administration to seriously consider extending the territorial coverage of the pilot Transport Support Scheme to other districts. She maintained that the objective of the scheme was to provide transport subsidies to encourage low-income earners to find employment and to facilitate their transition to work across districts as one of the poverty alleviation measures recommended by the then Commission on Poverty. While four remote districts, i.e. Yuen Long, Tuen Mun, Islands, and the North districts, were selected for the pilot scheme, further relaxation to include other districts was a natural progression in line with the objectives and rationale of the scheme.

12.20 SLW advised that the scheme was first launched in June 2007 on a one-year pilot basis to provide time-limited transport allowance for needy unemployed and low-income employees living in the four designated remote districts to seek jobs and work across districts. In response to requests from the

public and from the LegCo Subcommittee to Study the Subject of Combating Poverty for relaxing the scheme eligibility criteria, the Administration had advanced and completed the review of the scheme in February 2008. As announced by the Financial Secretary in his Budget Speech on 27 February 2008, the eligibility criteria for the scheme would be suitably relaxed and the subsidy period would be extended. The Finance Committee's approval would be sought to implement the relaxed measures as soon as practicable. He appealed to members' support for the proposed relaxation and undertook to conduct a review of the scheme in a year's time to decide on the way forward. At Ms LI Fung-ying's request, the Administration agreed to provide information and relevant paper(s) on the background, rationale and objectives of the scheme when it was first set up in June 2007.

Training and retraining services

12.21 Miss CHAN Yuen-han noted that many trainees and retrainees still could not find employment after completion of training and retraining. Referring to the measures implemented in the Mainland to help unemployed persons aged 40 to 50, Miss CHAN enquired what new initiatives would the Administration bring in to enhance employability and competitiveness of the unemployed middle-aged people and youths in Hong Kong.

12.22 SLW concurred with Miss CHAN Yuen-han that new thinking was required to help unemployed and displaced workers, especially those who had been on CSSA for a long time. He advised that in addition to the existing schemes of "Employment Programme for the Middle-aged", the "Youth Pre-employment Training Programme" (YPTP), and the "Youth Work Experience and Training Scheme" (YWETS), the Administration would continue to enhance training and retraining services and explore new measures to help the local workforce adapt to the changing market needs. He re-iterated that ERB had earlier completed a strategic review of its future role and responsibilities covering how to enhance the quality of its training/retraining services and was currently reviewing the views received during the public consultation. SLW emphasized that the Government would continue to adopt a multi-pronged strategy to enhance the employability of unemployed middle-aged people and non-engaged youths through education, skills training and employment support.

Promoting youth employment

12.23 Mr SIN Chung-kai expressed concern that the unemployment rate of youths aged 15 to 29, though substantially reduced, was still high (18% for male and 11.4% for female) when compared with the overall unemployment rate of 3.3%. He asked what new measures would the Administration introduce to effectively tackle youth unemployment, apart from continuing with YPTP and YWETS, and the opening of two new Youth Employment Resource Centres.

12.24 SLW responded that the Administration was mindful of the difficulties facing young job-seekers with no working experience, and had launched a number of initiatives to enhance employability of young people. YPTP was first rolled out in 1999 and YWETS in 2002 to provide "through train" pre-employment/on-the-job training and placement assistance to young job-seekers. To complement the training programmes, two Youth Employment Resource Centres were operated by LD to provide one-stop advisory, counselling, and support services on employment and self-employment for youths aged 15 to 29. Through partnership with non-governmental organizations (NGOs), Youth Employment Resource Centres offered youths who were self-employed or those who were contemplating to start their own business a full range of office facilities and services free of charge. The eligibility criteria of the Employees Retraining Scheme were relaxed with effect from December 2007 to cover young people aged 15 to 29 and those with education level at sub-degree or below. Moreover, the Vocational Training Council would set up a Youth College making use of a vacant school building in Tin Shui Wai by end-2008 to offer about 2 000 training places for non-engaged youths. Resources were also set aside to finance pilot projects and related research studies on training and employment programmes for non-engaged youths. SLW believed that these concerted efforts would improve young people's employability and help them secure a firm footing in the labour market.

Promoting employment of persons with disabilities

12.25 Dr Fernando CHEUNG was disappointed that despite the Government's policy to promote the employment of persons with disabilities (PwDs), public bodies and NGOs were slow in employing PwDs, and only about 2% of government employees were disabled persons. He asked whether the Administration had devised any concrete measures to effectively assist PwD job-seekers in entering the labour market.

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12.26 In reply, SLW reaffirmed the Government's commitment to enhancing the employability and competitiveness of PwDs through various support measures for both disabled job-seekers and employers. He cited for example the Work Orientation and Placement Scheme under which participating job-seekers would receive pre-employment training and work trial placement, while participating employers would be given a financial incentive at 50% of the actual wages paid to the employee, during the three-month work trial period, subject to a ceiling of \$3,000 per month. Employers were also provided with technical advice and financial assistance under the Employaid Scheme when technical aids for use by disabled employees at work were necessary. Apart from the vocational training and rehabilitation services provided by the Vocational Training Council (VTC), ERB and Social Welfare Department, a free personalized employment service for disabled job-seekers and free recruitment service for employers were provided by the Selective Placement Division of LD. Services included employment counselling, assessment of working abilities, job matching and referrals and follow-up service. Practical guides and handbook were issued to help employers better understand the needs of employees with different disabilities and facilitate their adjustment to work. SLW stressed that the Administration would continue to actively encourage heads of government departments/bureaux and seek the support of employers from different sectors to provide more employment opportunities for PwDs to help them integrate into society and actualize their work potential.

12.27 On the subvention for training courses/programmes offered by VTC's Skills Centres for PwDs aged 15 or above, Mrs Anson CHAN noted that less than 40% of the trainees enrolled for full-time courses managed to complete the training programmes, resulting in a waste of financial resources. She asked for detailed breakdown on enrolment and course completion figures in respect of various courses, and sought explanation for the low graduation rate and the measures to improve the situation. The Administration undertook to provide the information and statistics after the meeting.

Enhancing occupational safety and health

12.28 Dr KWOK Ka-ki said that contrary to the Administration's claim of notable improvement in occupational safety and health, occupational injuries in construction sites and accident rate of working-at-heights remained high. In view of the slippage of major large-scale infrastructure projects in recent years, he considered that the decrease in the number and rate of occupational injuries might

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not reflect the true extent of industrial accidents. He regretted that despite Members' repeated requests for more vigorous enforcement action and tougher penalties for breaches and malpractices in workplace, little progress had been made by the Administration in this regard.

12.29 SLW pointed out that while there was no cause for complacency, the injury rate of workers in high-risk construction industry had declined significantly, from one out of four in 1997 to about one out of 18 currently. This clearly reflected improvement in occupational safety and health. In 2008-2009, the Administration would continue to actively promote safety and health at workplace through enforcement, publicity and education, targeting the high-risk and accident-prone catering industry and construction industry, particularly the safety of minor building repair, maintenance, alteration, and addition works as well as working-at-heights.

12.30 Dr KWOK Ka-ki criticized that the existing Voluntary Rehabilitation Programme (VRP) was too rigid and could not provide timely and appropriate rehabilitation services to facilitate early recovery of injured workers and their return to work. Referring to the mandatory provisions in overseas jurisdictions such as Australia and New Zealand, he questioned whether and when the Administration would allocate resources to provide free and timely rehabilitation services in this respect.

12.31 In reply, the Deputy Commissioner for Labour (Labour Administration) said that VRP had received positive responses from participating injured workers, employers, and insurers. First launched in 2003 on a pilot basis targeting at the construction industry, VRP had been extended to the catering, transportation, and manufacturing industries in 2004, and further extended to all industries at present. The Administration would continue to monitor the progress of VRP and liaise with the Hospital Authority (HA) and the participating insurers regarding the use of HA's rehabilitation services by injured workers participating in VRP.

Other issues

12.32 In response to Dr Fernando CHEUNG's enquiry on whether the Government would consider legislating against age discrimination in employment, SLW said that the Administration would continue its efforts in promoting good employment practices through publicity and public education programmes.

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12.33 As regards Mr LEUNG Yiu-chung's concern about difficulties in contacting LD staff for assistance in resolving labour disputes during week-end, SLW and CL advised that LD staff stood ready to offer assistance at all times, and members could also contact them direct if necessary.

Chapter XIII : Education

13.1 At the invitation of the Chairman, Mr Michael SUEN, Secretary for Education (SED), briefed members on the major initiatives and expenditure on education for the coming year (Appendix IV-11).

Overall expenditure on education

13.2 Dr Fernando CHEUNG noted with concern that the share of education services in the Gross Domestic Product (GDP) had dropped from 3.98% in 2003-2004 to 3.12% in 2007-2008. In reply, SED explained that over the past few years, the Government had strived to contain public expenditure by keeping it below 20% of GDP. For the year 2008-2009, the total provision for education (excluding the provisions under the Capital Works Reserve Fund and Loan Fund) stood at 4.14% of GDP. Recurrent expenditure on education represented about 24% of the Government's total recurrent expenditure for the year. This underlined the Government's strong commitment to education services.

Pre-primary education

13.3 Mrs Selina CHOW said that nowadays, pre-primary education was generally accepted as an integral part of universal basic education. In this connection, she noted that in the 2007-2008 school year, about 106 050 students issued with the Eligibility Certificate for fee subsidy under the Pre-primary Education Voucher Scheme (PEVS) were paying the difference in excess of the voucher value of \$10,000, ranging from \$6 to \$1,400 per month for a half-day place and from \$466 to \$3,800 per month for a whole-day place. She stated the position of the Members belonging to the Liberal Party that the voucher value should be increased, and that to provide parents with more choices, PEVS should be extended to cover all non-profit making kindergartens irrespective of the level of school fee charged.

13.4 In reply, the Permanent Secretary for Education (PS(Ed)) advised that PEVS had been up and running for one year. As about 85% of the kindergartens in Hong Kong had joined the Scheme, parents should have adequate choices. He explained that the purpose of introducing PEVS was to alleviate the financial burden of eligible parents rather than providing free pre-primary education. Furthermore, to achieve prudent use of public funds, the Administration considered it appropriate to set a maximum level of the school fee charged as a condition for redeeming the voucher, based on the overall situation of operating costs of kindergartens. The voucher value, currently at \$10,000 per student per annum, would be increased to \$11,000 in the 2008-2009 school year.

Primary and secondary education

Small class teaching

13.5 Mr CHEUNG Man-kwong expressed concern about the continued reduction in student population and its possible implication on the implementation of the new secondary school curriculum in secondary schools. According to his calculation, even after taking into account about 1 000 new entrants and 5% of Secondary 1 (S1) places for repeaters per year, the number of S1 students would still decrease by 3 000 to 6 000 in each of the coming six years. In other words, the number of S1 students would drop from some 80 000 in 2007-2008 to about 60 000 in 2013-2014. Pointing out that the decline in school age population had brought painful experience to primary schools, which would be alleviated by the progressive adoption of small class teaching from the 2009-2010 school year, Mr CHEUNG urged the Administration to implement small class teaching in secondary schools without delay.

13.6 In reply, SED said that the implementation of small class teaching in secondary schools and reduction in student population were two separate issues. He recalled that when the subject was discussed at a recent meeting of the Panel on Education, members generally agreed that small class teaching should not be taken as the solution to tackle the decline in student population. Small class teaching had yet to be implemented in primary schools and its effectiveness had to be monitored. He said that to ensure effective use of public resources, appropriate measures, including the reduction in the number of approved classes and consolidation of schools, might have to be considered. Nevertheless, to address the concerns of secondary schools, the Administration would actively discuss with secondary schools on the way forward by examining the feasibility of reducing standard class size and the number of students required for approved classes as well as capping class enrolment of students.

13.7 Ms Audrey EU pointed out that the Administration had unveiled the estimated expenditure for implementing small class teaching on a number of occasions. For instance, at the beginning of the current term of the Legislative Council (LegCo), the then Permanent Secretary for Education and Manpower claimed that the estimated expenditure for implementing small class teaching in primary schools was \$3.6 billion; and during his election campaign in 2007, Mr Donald TSANG said that the estimated expenditure for implementing small class teaching in secondary schools was \$6.7 billion. However, in its reply (Reply Serial No. EDB088), the Administration refused to provide information on

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the estimated expenditure for implementing small class teaching in public sector primary schools.

13.8 In reply, SED explained that the previous estimates were premised on certain broad-brush assumptions, which needed to be refined in light of the on-going preparatory work for phased implementation of small class teaching in public sector primary schools starting from the 2009-2010 school year. In the past few months, the Administration had obtained returns from public sector primary schools on their readiness to progressively implement small class teaching, and was assessing the situation of each school net. The estimated expenditure for implementing small class teaching in primary schools in the 2009-2010 school year would be worked out based on the outcome of the assessment.

13.9 Mr LEUNG Yiu-chung said that he objected to the Administration's stance that whether small class teaching should be extended to public sector secondary schools was subject to the outcome of a study on the implementation of small class teaching in selected schools. In his view, cohorts of students receiving small class teaching in primary schools should proceed to secondary schools which also practised small class teaching. In this connection, he asked if resources had been allocated to the assessment of the effectiveness of implementing small class teaching in primary schools. He also sought details of the Administration's plans to provide professional development of teachers and create time-limited teacher posts to support schools in their preparation for small class teaching.

13.10 In reply, SED and PS(Ed) advised that a longitudinal study on small class teaching had been conducted since 2004 and would be completed later in 2008. In the next few months, the Administration would draw up plans for teacher professional development and school-based support, making reference to the findings of the study. To facilitate the teachers concerned to make the necessary preparations, about 700 time-limited posts would be created for the schools which had indicated their readiness to implement small class teaching. The posts would be created for two years starting from the 2008-2009 school year at a cost of about \$200 million per school year. SED stressed that the implementation of small class teaching in primary schools and secondary schools should be treated separately. Nevertheless, the effectiveness of small class teaching in primary schools would serve as useful reference for considering whether or not small class teaching should be implemented in secondary schools.

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Medium of instruction

13.11 Ms Emily LAU noted with concern from a study unveiled recently that compared with students who studied in schools which adopted English as their medium of instruction (MOI), those studying in Chinese-medium schools had a lower university entry success rate. She asked if there were any measures to remedy the situation.

13.12 SED stressed that the Administration would uphold the mother-tongue teaching policy in view of the successful experience, but considered that there was room to improve the English standard of the students who studied in schools using Chinese as MOI. As such, there had been extensive discussions between the Administration and the education sector on measures to enhance students' English proficiency.

13.13 Referring to the Administration's recent announcement about the fine-tuning of the mother-tongue teaching policy, Mr Jasper TSANG asked if additional resources would be provided for taking forward the "fine-tuning" initiative and whether greater flexibility would be allowed for individual schools on the choice of MOI to match their students' language abilities.

13.14 SED advised that the Administration was exploring if the MOI policy could be implemented with more flexibility, subject to the language ability of teachers and students as well as the availability of support from the Education Bureau. LegCo Members would be briefed on the progress made in due course. He added that under the existing resource allocation mechanism, schools were already provided with flexibility in applying additional funds to support school-based enhancement initiatives. Consideration might also be given to providing dedicated resources for the "fine-tuning" policy if justified.

13.15 Mrs Selina CHOW opined that the MOI policy should not be changed lightly. Instead, the Administration should attach importance to enhancing teachers' language ability. As such, more resources should be provided to strengthen teacher training.

Higher education

Sub-degree education

13.16 Dr YEUNG Sum said that with a phenomenal growth of sub-degree

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programmes, the policy objective of enabling 60% of secondary school leavers to receive tertiary education by 2010 had been achieved ahead of schedule. Nevertheless, he criticized the adoption of a self-financing policy of the sub-degree programmes and the Administration's ineffectiveness in ensuring the quality of sub-degree education. He commented that, in a knowledge-based economy, the Administration should enhance manpower investment and therefore should consider fully subsidizing sub-degree education and strengthening the quality assurance mechanism of sub-degree programmes. Expressing similar concern, Mr SIN Chung-kai also urged that consideration should be given to subsidizing more sub-degree programmes.

13.17 SED responded that the Administration would soon promulgate the results of the Phase 2 Review of the Post-Secondary Education Sector (Phase 2 Review). Members would be informed of the Administration's recommendations on various issues relating to sub-degree education. In view of public concern, the Administration would step up efforts in strengthening the quality assurance mechanisms of the sub-degree sector. On resource allocation, he remarked that the self-financing principle was the cornerstone of the successful development of sub-degree education over the past five years. If sub-degree programmes were fully subsidized by the public coffer, such a rapid development would not have been possible without compromising other education services.

13.18 Mr LEE Cheuk-yan opined that there was insufficient recognition of the sub-degree qualification by employers and inadequate articulation opportunities for sub-degree graduates. While there were about 50 000 sub-degree students, the number of publicly-funded senior year undergraduate places for sub-degree graduates in University Grants Committee-funded institutions were only some 1 600. Therefore, he was keen to know whether the Administration would increase the articulation opportunities of sub-degree graduates.

13.19 In reply, SED advised that sub-degree itself was a stand-alone qualification and some graduates, in particular those who had completed Higher Diplomas, would enter the labour market after graduation. In this connection, the Administration had been developing the Qualifications Framework aiming at providing more diversified progression pathways and enhancing the relevance and quality of education and training programmes. Among the hierarchy of qualifications, sub-degree qualification would be pitched at level 4, i.e. between diploma (level 3) and degree (level 5) qualifications. The Government would intensify publicity efforts to promote better understanding and recognition of the

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sub-degree qualification among employers. On articulation opportunities for sub-degree graduates, he remarked that there were a number of available channels, namely the publicly-funded undergraduate places, self-financing locally-accredited degree or top-up degree courses, and education opportunities offered by overseas institutions.

13.20 Mr SIN Chung-kai said that while sub-degree students might apply for the Non-means-tested Loan Scheme for Post-secondary Students (NLSPS) to pursue the self-financing courses, they were required to repay the loan borrowed after graduation at a no-gain-no-loss interest rate plus 1.5% risk adjustment factor upon drawdown. As the sub-degree graduates normally got meagre income due to a general lack of recognition of their qualifications, it was difficult for them to cope with the loan repayment, which could account for as high as 25% of their income. In view of the large fiscal surplus in 2007-2008, he urged the Administration to consider offering sub-degree students interest-free loans and/or reducing the interest rate of NLSPS. He also commented that the 1.5% risk adjustment factor was on the high side, and asked how the income from the risk adjustment factor compared with the amount of defaulted NLSPS loans. Mr LEE Cheuk-yan criticized that the current mode of operation of NLSPS had left students with no choice but ran into heavy debt after graduation.

13.21 SED acknowledged that the default rate of student loan schemes was noticeable. The Administration was reviewing the financial assistance schemes for students pursuing self-financed post-secondary programmes and would revert to the Panel on Education. The Controller, Student Financial Assistance Agency advised that up to the end of 2007, income from the 1.5% risk adjustment factor was some \$200 million less than the total sum in the defaulted accounts under the various non-means-tested loan schemes. He assured members that the Administration would strive to recover the defaulted loans. He added that student loans would not be written off lightly, and that in the past three years loans were only written off due to the decease of loan borrowers.

13.22 Ms Audrey EU opined that the high default rate under NLSPS reflected that sub-degree graduates were in face of employment difficulties and low salaries. She urged the Administration to bring the financial assistance for sub-degree students on a par with their counterparts studying in publicly-funded institutions by merging NLSPS with the non-means-tested loan scheme applicable to full-time students of publicly-funded programmes.

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13.23 SED replied that the targets of the two non-means-tested loan schemes were different. Nevertheless, the Administration would study whether it was feasible to merge the two loan schemes.

Tertiary education

13.24 Prof Patrick LAU welcomed the Administration's proposal to earmark \$18 billion in 2008-2009 to set up a Research Endowment Fund. In reply to Prof LAU's enquiries, SED advised that the Fund and its investment earnings would replace the existing annual funding granted by the Government to the Research Grants Council of University Grants Committee to fund research projects. Moreover, part of the funds would be used to finance appropriate research projects on specific themes. The implementation details of the Fund were under discussion between the Administration and University Grants Committee. Announcement in this regard would be made in due course.

13.25 Prof Patrick LAU suggested that in drawing up the criteria for scrutinizing applications to the Fund, more emphasis should be placed on whether the research projects under application were relevant to Hong Kong's local circumstances. The Administration took note of Prof LAU's suggestion.

Special education

13.26 Dr Fernando CHEUNG asked whether the Administration had plans to review the class size of mild intellectual disability students which had remained at 20 for two decades. In reply, PS(Ed) pointed out that in view of the special need of students with disabilities, small class teaching had already been practised in special schools. Nevertheless, the Administration was discussing with the Hong Kong Special Schools Council on the feasibility of reducing the class size of mild intellectual disability students.

13.27 Dr Fernando CHEUNG pointed out that there was a shortage of seven-day boarding services for students with special education needs and asked if the Administration would consider enhancing the services. The Deputy Secretary (Education) 4 pointed out that the policy intent of the five-day boarding services for students with special education needs was for the students to return home over the weekend and during school holidays so as to better integrate with their families and the seven-day boarding service was only intended for those with genuine need. However, schools with seven-day boarding services might consider providing temporary boarding services to other boarders to cater for their

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special/ad hoc family circumstances.

Other educational services and subsidies

Educational support for newly-arrived children and young people

13.28 Miss CHAN Yuen-han noted with concern that the number of enrolment for the Induction Programme for newly-arrived children and young people would reduce from 5 023 (actual) in 2006-2007 to 2 600 (estimated) in 2007-2008. She understood that there was actually unmet demand for the induction services and questioned the rationale for the substantial reduction in the enrolment number.

13.29 SED replied that the enrolment estimation of the Induction Programme for 2007-2008 was merely based on the estimated decrease in the number of newly-arrived children from the Mainland in the year. He assured members that adequate resources had been allocated for the provision of the induction services. He also advised that the information relating to the Induction Programme was disseminated by the Home Affairs Department in its information kit distributed to all new entrants. PS(Ed) supplemented that the Induction Programme was targeted at newly-arrived children and young people from the Mainland aged between six to 15. He also undertook to explore how best the information about the Induction Programme could be disseminated to new arrivals and to follow up a relevant complaint case to be referred by Ms CHAN.

Educational support for non-Chinese speaking students

13.30 Ms Emily LAU noted that the number of Non-Chinese Speaking (NCS) students stood at around 6 000 in primary schools, some 3 000 in S1 to S5, 200 in S6 to S7 and only a few in local universities. Noting that the Administration had only set aside about \$13 million for the provision of educational support for NCS students in designated primary and secondary schools, she urged that more resources should be provided to enhance education services for the ethnic minorities.

13.31 In reply, PS(Ed) advised that 19 designated schools which had admitted a critical mass of NCS students were selected for the enhancement of educational support for NCS students. Experience gained by these designated schools would be shared with other schools admitting NCS students. He added that starting from the 2008-2009 school year, the Administration would turn the

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special grant of \$300,000 a year for each designated school into a recurrent grant. Moreover, tertiary institutions had been commissioned for the provision of remedial programmes for NCS students and teacher training for the Chinese Language teachers in primary schools with NCS students. On the admission of NCS students to local universities, PS(Ed) said that the Administration had earlier reported to the Panel on Education that a general consensus had been reached with the University Grants Committee-funded institutions whereby the institutions would be prepared to consider alternative qualification(s) of NCS students in Chinese Language, in lieu of the general Chinese Language requirement based on the Hong Kong Advanced Level Examination.

Evening adult education

13.32 Dr YEUNG Sum remarked that meritocracy and equal chances of upward mobility in the social ladder were two of the core values of Hong Kong's education system. To develop Hong Kong towards a knowledge-based economy, these core values should continue to be upheld. In this connection, he opined that working adults who, for various reasons, had not attended or completed secondary education during their early ages should be provided with a second learning opportunity to attend the evening adult education courses. These courses should be provided free of charge. Dr Fernando CHEUNG pointed out that the Government's spending on evening adult education was in the region of \$60 million in 2003-2004 and dropped to as low as some \$3 million lately as a result of the Administration's move to cease operation of evening adult courses. He echoed Dr YEUNG's view that the Government should subsidize in full the evening adult education courses.

13.33 In reply, PS(Ed) explained that the Government's policy to implement a 12-year free education programme was targeted at full-day or half-day public sector students. He re-iterated the Administration's undertaking made at a previous meeting of the Panel on Education to study the feasibility of providing free evening adult education service. Response in this regard would be reported to the Panel at its meeting to be held in April 2008.

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14.1 At the Chairman's invitation, Ms Eva CHENG, Secretary for Transport and Housing (STH), briefed members on the Government's major initiatives on housing in the new financial year (Appendix IV-12).

Concessions in the Budget

14.2 Messrs WONG Kwok-hing, Fred LI and CHAN Kam-lam considered it undesirable and unfair that the proposal in the Budget to grant a one-month rent payment for public rental housing (PRH) tenants would not apply to the some 15 000 so-called "well-off tenants" of the PRH estates of the Housing Authority (HqA). In Mr WONG Kwok-hing's view, the "well-off tenants" policy already had the adverse impact of discouraging the younger generation of PRH tenants from living with their parents. The exclusion of these households from the proposal would further go against the Government's policy of promoting mutual family support. Mr Fred LI added that PRH tenants paying higher rents should benefit from the proposal because the concessions in the Budget were meant to benefit all sectors of the society and not only those in need. He therefore called upon the Administration to reconsider applying the rent payment to PRH tenants paying additional rents, and suggested that for this group of tenants, only the basic rent but not the additional rents would be exempted. Mr CHAN Kam-lam also urged the Administration to reconsider applying the proposal to pay rent for tenants of the Elderly Persons' Flats in the Group B estates of the Hong Kong Housing Society (HKHS).

14.3 In response, STH explained that the proposed rent payment was to help those most in need. As such, it would not apply to the well-off tenants whose household incomes exceeded two times of the Waiting List (WL) income limits, and tenants of the Group B estates of HKHS which set a higher income limits than the WL income limits. However, in the light of public views, the Government was seriously considering extending the proposal to pay rent for tenants living in the Elderly Persons' Flats in Group B estates of HKHS. She pointed out that PRH tenants paying additional rents could benefit from other concessions proposed in the Budget, such as tax concessions and the electricity subsidy grant.

14.4 Mr WONG Kwok-hing and Mr Albert CHAN considered it regretful, unfair and discriminatory that the tenants of the housing estates of HKHS could not enjoy the proposal. Mr WONG pointed out that many big corporations could also benefit from the concessions proposed in the Budget. Mr CHAN was of the

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view that although HKHS set a higher income limit for its tenants, they were not well-off in general. He opined that the Government could afford to give more concessions given the huge fiscal surplus in 2007-2008. STH and the Permanent Secretary for Transport and Housing (Housing) (PS(H)) responded that around 30 000 households living in the Group A estates of HKHS would also benefit from the proposal, and the Government was already seriously considering extending the proposal to pay rent for tenants living in the Elderly Persons' Flats in the Group B estates of HKHS.

14.5 Referring to the rates concession proposed in the Budget, Mr WONG Kwok-hing opined that since the so-called well-off PRH households had to pay higher rent plus rates, they should also benefit from the rates concession. In response, STH confirmed that HgA and HKHS had already agreed to return the rates concession to all their residents. PS(H) also clarified that the rates element in the rentals paid by all HgA residents was the same, and details for returning the rates concession to PRH residents were being worked out.

14.6 Mr WONG Kwok-hing pointed out that last year's refund of rates was not returned to public housing tenants. HKHS had even increased the rents of its carparks substantially from 1 April 2008. PS(H) advised that the quarterly rates for carparking spaces were about \$20 - \$30, and it might not be cost-effective to incur significant administrative costs for the refund of rates concession. However, the concern would be further examined by HgA and HKHS. Mr WONG urged the Administration to conduct a comprehensive review of the matter and report the outcome to the Legislative Council.

The Home Ownership Scheme

14.7 Dr YEUNG Sum considered it a pity that in 2002, the Government yielded to the pressure from developers and ceased the production of Home Ownership Scheme (HOS) flats so as to boost the private property market in favour of developers. He urged the Administration to review the cessation of production of HOS for the following reasons. Firstly, HOS could ensure the mobility of PRH units by encouraging better-off households to move out to improve their living environment. Secondly, the sale of HOS flats could generate proceeds to fund PRH production and help stabilize the prices of private residential flats. Thirdly, the warm response to the recent sale of surplus HOS flats had reflected the strong home ownership aspiration of PRH tenants. Fourthly, the recent rise in property prices had given rise to a need to take care of

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the housing needs of the less well-off families not eligible for PRH but could not afford to purchase private flats.

14.8 In response, STH pointed out that it would be unrealistic to expect that the provision of HOS could change the situation in the private property market. Given the steady rate of turnover of PRH flats, with an estimated average recovery of about 16 000 PRH flats from the existing stock every year making up half of the flat supply required to meet the demand, the need to relaunch HOS to enhance the mobility of PRH tenants was not imminent. It was considered that the Government should not assume the responsibility to assist families in meeting their home ownership aspirations, as home purchase decisions should be made by the households concerned with regard to their own circumstances. The Administration did not see enough justifications to relaunch HOS at this stage.

14.9 Mr Fred LI said that there was a need to relaunch HOS in Kwun Tong and some other districts to facilitate a more balanced development there. He pointed out that future PRH supply would mainly come from East Kowloon, in particular Kwun Tong where PRH tenants would increase by some 70 000 upon completion of the PRH development at Anderson Road and Choi Ying Estate. As a result, a high percentage of the population in the district would be disadvantaged groups, the elderly and Comprehensive Social Security Allowance (CSSA) recipients, and the lack of a proper mix of residents would be undesirable for the development of the community. In response, STH advised that there were also private residential developments in the district. As in the case of the Kai Tak site, the Government had always exercised care to adopt an integrated approach in planning.

14.10 Miss CHAN Yuen-han did not agree with the Administration that there was no need to relaunch HOS, pointing out that the purchase prices and rental values of small to medium-sized flats had gone up significantly recently. She commented that the Government had not sufficiently addressed the problems faced by the low-income class and the policy was tilted in favour of developers. In response, STH said that the Government was similarly concerned about the housing needs of the low-income class. As such, PRH was provided for low-income families that could not afford private rental housing.

14.11 Mr CHAN Kam-lam opined that to boost the supply of HOS flats in the secondary market, the returned HOS flats should be offered for sale immediately instead of having to wait for the sale of surplus HOS flats. PS(H)

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explained that with the present arrangement, large-scale publicity could be launched to promote the sale of HOS flats. Three more phases of sale of surplus HOS flats were being planned at the moment.

The Tenants Purchase Scheme

14.12 Dr YEUNG Sum urged the Administration to relaunch the Tenants Purchase Scheme (TPS) which should not affect the property market. In response, STH pointed out that the sale of TPS flats would have a bearing on the private property market. HgA also encountered problems in the management of PRH flats in TPS estates. PS(H) supplemented that the presence of both PRH and TPS units in an estate had led to problems related to the exercise and performance of the management power and responsibilities by the Owners' Corporations concerned, and implementation of estate management measures (such as the Marking Scheme for Estate Management Enforcement) by HgA in relation to PRH units. In consideration of these problems and the significant drop in flat purchase rate in Phase 6 of TPS, HgA had decided not to relaunch TPS.

14.13 Mr LEE Wing-tat did not agree that the problems with TPS were so great that the Government had to put a halt to it. In his view, the management of TPS estates was better than that of many single-block private buildings. He also found it absurd to claim that the sale of PRH flats to their existing tenants under TPS would affect the property market. STH responded that the Government considered it necessary to carefully examine the suggestion to relaunch TPS, having regard to the need to ensure a healthy and steady development of the property market.

14.14 Mr Fred LI expressed support for relaunching TPS to facilitate a more balanced development of a district, and to reduce the operating costs for managing PRH. In response, STH pointed out that for each TPS estate, HgA would need to set up a Maintenance Fund of \$14,000 per flat to meet future repair and maintenance needs, and this involved substantial capital costs. STH and PS(H) added that with prudent investment of its funds, HgA should have no financial problem in managing PRH units. Mr LI considered that despite the need to set up the Maintenance Funds, HgA could recover the production cost of PRH flats from their sale under TPS, and dispose of its management responsibility for the units.

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14.15 Mr CHAN Kam-lam proposed that the special credits available for tenants who purchased TPS flats within the first two years of the initial offer for sale should be made available for surplus TPS flats as well. PS(H) noted Mr CHAN's views but pointed out that in line with the repositioned housing policy, meeting the home ownership aspirations of the general public was no longer a policy objective.

14.16 Miss CHAN Yuen-han commented that with the high rental of PRH estates, many PRH tenants would prefer purchasing their PRH flats under TPS. STH pointed out that the introduction of an across-the-board rent reduction of 11.6% upon passage of the Housing (Amendment) Bill 2007, and the new income-based rent adjustment mechanism should help address PRH tenants' concern about PRH rents. In addition, HgA's Rent Assistance Scheme could cater for the needs of households facing financial hardship.

14.17 Miss CHAN Yuen-han was not convinced of the Administration's explanation. In her view, the rent reduction of 11.6% was introduced in return for removal of the median rent-to-income ratio (MRIR) ceiling, while the proposal to pay rent for lower income PRH tenants was only a short-term relief measure. As low-income tenants found it increasingly difficult to cope with high travelling expenses and inflation, she urged the Administration to work out more long-term measures to lower the PRH rents. In response, PS(H) pointed out that judging by the living environment provided in PRH, the rents could hardly be described as excessive. Moreover, those in need could be relieved by Rent Assistance Scheme.

Other forms of subsidized home ownership schemes

14.18 Referring to paragraph 6 of STH's speaking notes, Mr CHAN Kam-lam enquired when the consultancy study on collection and analysis of data on the private residential property market would be completed, and whether public consultation would be conducted. STH and the Deputy Secretary for Transport and Housing (Housing) advised that the results of the study, expected to be ready in mid 2008, would be used to improve the existing data collection and analysis practices. The exercise was not meant to gauge public views on the property market.

14.19 Mrs Selina CHOW said that Members belonging to the Liberal Party did not see a need to revive HOS because the Government should not play the role

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of a developer, and property prices should be determined by market forces. Instead, the Government should revive the Home Assistance Loan Scheme (HALS) and continue to offer tax concessions for mortgage repayments to meet the housing needs of sandwiched class and middle-class families. In response, STH said that with the steady development in the private property market and the reasonable mortgage-to-household income ratio, the Government at present had no plan to reintroduce HALS or other subsidized home ownership schemes. Notwithstanding, the Administration would continue to monitor the situation.

14.20 Mrs Selina CHOW urged the Administration to devise specific measures to help middle-class families as many of them had difficulties in making down payment for home purchase.

Waiting time for public housing units

14.21 Mr LEE Wing-tat highlighted the plight of certain cubicle tenants who, because of the Quota and Points System for Non-Elderly One-Person Applicants (QPS), had to wait a long time for PRH. On the other hand, as the rent allowance under CSSA could not cover the high rents of their present accommodation, these persons had to use the CSSA payments for non-housing expenditure to make up for the shortfall, and very little money was left for food and daily use. He considered that the level of the rent allowance under CSSA should be reviewed in a timely manner to keep up with the rise in private housing rentals. He also considered that the Consumer Price Index (A) was not representative in reflecting the actual movement of the rent of private housing as it did not cover rents of cubicle apartments.

14.22 In response, STH said that non-elderly one-person PRH applicants with pressing housing needs could consider joining the Express Flat Allocation Scheme (EFAS) for earlier allocation of PRH flats. PS(H) elaborated that all eligible PRH applicants could join EFAS, under which relatively less popular flats were included for expeditious allocation to PRH applicants willing to accept these flats. EFAS had enabled many non-elderly one-person applicants to seek early allocation of PRH flats. In addition, individuals or families with genuine and pressing housing needs could also apply to the Social Welfare Department for early allocation of PRH flats under Compassionate Rehousing.

14.23 Mr LEE Wing-tat pointed out that non-elderly one-person applicants still had to wait more than three years for allocation of PRH flats under EFAS.

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Moreover, flats so allocated were mostly in remote areas and were not preferred by tenants of cubicle or bedspace apartments as they had to seek employment in the urban area. STH noted Mr LEE's views.

14.24 Ms Emily LAU enquired about the number of non-elderly one-person PRH applicants and whether the three-year average waiting time pledge would apply to these applicants. She considered that these applicants should be allocated PRH in the same manner as other PRH applicants if they could meet the eligibility criteria. She also pointed out that many applicants of this category complained about the allocation of shared flats, as shared tenancy inevitably led to more disputes.

14.25 PS(H) explained that the number of non-elderly one-person PRH applicants was 2 733 (i.e. about 900 per month) before the introduction of QPS in the fourth quarter of 2005, and was currently around 38 000 as compared to the 110 000 WL applicants. Many of these applicants had tertiary education level. HgA held the view that family applicants had a more pressing need and should have priority over one-person applicants in PRH, allocation. QPS was therefore introduced to rationalize and reprioritize the allocation of PRH so that those with greater housing needs were accorded priority. The three-year average waiting time pledge therefore would not apply to non-elderly one-person applicants. PS(H) further clarified that non-elderly one-person applicants would not be allocated PRH flats of a poorer quality. The Deputy Director of Housing (Development and Construction) (DD of H(D&C)) added that split flats were no longer produced.

14.26 Ms Emily LAU opined that instead of subjecting all non-elderly one-person applicants to QPS, the eligibility criteria for PRH could be revised to impose restrictions on university graduate applicants. PS(H) pointed out that the income and asset levels should be the major consideration in assessing the need for PRH. However, university undergraduates who had little or no income would be able to meet the relevant income requirements when applying for PRH. If the three-year average waiting time pledge was to apply to non-elderly one-person applicants, these undergraduates would be allocated PRH before they graduated, and could stay in PRH for 10 years before being required to declare household incomes. To ensure that valuable public housing resources would be allocated to families most in need, there was a need to reprioritize the allocation of PRH to non-elderly one-person applicants vis-à-vis family applicants.

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14.27 Ms Emily LAU enquired about the supply of self-contained one- or two-person PRH flats to meet the increase in the number of non-elderly one-person PRH applicants. PS(H) responded that if non-elderly one-person applicants had to wait longer than three years for PRH, many of them would have married and would require larger flats. It was therefore not necessary to match the number of one- or two-person PRH flats with the increase of applicants in this category. DD of H(D&C) added that approximately 20% of new PRH flats would be one- or two-person PRH flats. The number of small PRH flats (including two- or three-person PRH flats) would make up half of the supply. She agreed to provide the actual figures after the meeting.

14.28 Mr LEUNG Yiu-chung and Mr Frederick FUNG asked whether all of the 38 000 non-elderly one-person applicants were young people. Mr LEUNG considered that QPS was discriminatory against young applicants. Mr LEUNG Kwok-hung was of the view that the Government's housing policy was tilted in favour of property developers because young people earning barely enough to support themselves were compelled to purchase or rent private residential flats.

14.29 STH emphasized that QPS was designed to effect an equitable and transparent way of allocating the limited public housing resources to those most in need. All applicants on WL, be they one-person or family applicants, would be allocated PRH flats if they met the eligibility criteria. The decision to accord priority to family applicants was made after thorough discussion by HgA. PS(H) advised that 40% of the 38 000 non-elderly one-person applicants were below 30 years old. He agreed to provide further information on these applicants, with breakdown by age, education level and occupation.

14.30 Mr LEUNG Yiu-chung pointed out that many non-elderly one-person applicants had to wait over 10 years for PRH. To shorten their waiting time, he opined that more self-contained one-person PRH flats should be produced, while one- or two-person PRH flats could still be allocated to small family applicants. In response, PS(H) pointed out that it rarely took 10 years to allocate PRH to non-elderly one-person applicants. He requested Mr LEUNG to refer such cases to him for follow up. He also clarified that young couples were normally allocated two- or three-person PRH flats, instead of the one- or two-person PRH flats.

Supply of public rental housing

14.31 Mr Albert CHAN expressed concern that the decrease in PRH production had lengthened the waiting time for PRH. He noted that the annual PRH production had decreased from 50 000 units in the past to less than 10 000 units in recent years. Moreover, problems encountered in securing public housing development sites, in particular opposition from District Councils (DCs), also had an impact on PRH production. In response, STH pointed out that the current average waiting time for PRH was only 1.9 year for family applicants, which was below the 3-year average waiting time pledge and the average waiting time was 1.3 year for elderly one-person applicants. The figures served as very good indicators on the adequacy of PRH supply, and HgA was confident of meeting the average waiting time pledge in the coming five years. STH added that it was necessary to consult DCs on the proposed PRH developments in their districts, as DCs might have views on the scale of the PRH development and the ancillary facilities to be provided.

14.32 In response to Mr Albert CHAN's enquiry on whether annual PRH production could be increased from 15 000 to 20 000 flats, DD of H(D&C) said that under the current five-year Public Housing Construction Programme (PHCP), the forecast production of PRH from 2007-2008 to 2011-2012 was about 76 500 flats, i.e. around 15 000 flats per year on average. Moreover, many projects were currently at the construction stage or detailed design stage, providing a relatively stable supply in the coming years. With an estimated average recovery of about 16 000 PRH flats from the existing stock every year, and the forecast annual production of 15 000 flats, a total of over 30 000 PRH flats would be made available every year for allocation to meet the average waiting time pledge. At Mr CHAN's request, she agreed to provide a paper to elaborate on the supply and demand situation of PRH.

14.33 Dr Fernando CHEUNG requested the Administration to provide a breakdown by year and by flat size of the new PRH flats to be produced under PHCP for 2007-2008 to 2011-2012 to demonstrate that the three-year average waiting time pledge could be met. In response, DD of H(D&C) explained that the three-year average waiting time pledge only applied to family applicants, which numbered less than 90 000. As such, the some 30 000 PRH flats made available every year for allocation would suffice to meet the pledge.

Quality and design of public rental housing

14.34 Dr Joseph LEE asked about the resources earmarked for the five-year survey programme for all HOS courts and TPS estates, and the rolling programme to continue the survey for other courts and estates. The Assistant Director of Housing (Independent Checking Unit) explained that the Independent Checking Unit had a designated team for conducting the surveys, therefore no extra resources were required to continue the programme.

14.35 Dr Joseph LEE enquired about the implementation time-table for adding lifts in blocks currently without lift services for the six estates identified under the Comprehensive Structural Investigation Programme (CSIP) for aged PRH estates. PS(H) agreed to provide the time-table after the meeting.

14.36 Dr Fernando CHEUNG commented that the planning of care and attention homes for the elderly and for the disabled should start early, so as to allow time for consultation with local residents. He suggested that when designing PRH estates, HgA should reserve space for welfare organizations to provide services to meet the likely needs of the target tenants. STH advised that an access-free environment would be provided in the design for all new estates. DD of H(D&C) added that in planning PRH estates, the relevant DCs and departments would be consulted on the types of social services to be provided for the estates. In certain new estates, such as Shek Pai Wan Estate, community buildings housing a range of services were provided.

14.37 Dr Fernando CHEUNG considered that the interior design of PRH flats should also cater for the needs of old people and the disabled. For example, the door sills which would create barriers for the disabled should be removed. In response, DD of H(D&C) explained that door sills would not pose any access barrier as the floor level would be raised after floor tiles were installed by the tenants at the PRH flats. Where necessary, HD could help convert PRH flats to suit the needs of disabled tenants.

Private housing

14.38 Mr SIN Chung-kai enquired whether the sale sites of all first-hand residential properties were inspected to ensure that the sales arrangements at sale sites followed the guidelines of the Real Estate Developers Association of Hong Kong. PS(H) responded that the Estate Agents Authority would inspect the sale

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sites of all first-hand residential properties with estate agents operating. He agreed to provide information about the number of inspections in the past few years.

14.39 Mrs Selina CHOW said that the Administration should subsidize the training for estate agents, as the training cost posed a financial burden for small-scale estate agencies. In her view, the Government should play a role in enhancing the standards of estate agents, as it did for practitioners of other fields. In response, PS(H) pointed out that the Estate Agents Authority had been providing systematic training for estate agents at reasonable fees.

Other issues

14.40 Mr Frederick FUNG noted that the number of bedspaces provided in transit centres had reduced by half in the past two years, and that their utilization rate in the past few years was only 28%. He asked whether the low utilization rate was due to the poor conditions of the transit centres, and whether such centres should be phased out and replaced by Interim Housing. In reply, PS(H) pointed out that transit centers provided temporary shelter for those who were rendered homeless by natural disasters or emergency incidents, while they sought alternative accommodation or waited for further rehousing. Transit centres were cement structures properly built and not timber structures as those in the old-style Temporary Housing Areas.

14.41 Mr LEUNG Kwok-hung considered that the proposal to pay rent for lower income PRH tenants was of little help in easing their financial burden. He was concerned that given the present inflation and the new income-based PRH rent adjustment mechanism, PRH tenants would have to struggle to cope with not only inflation, but also increase in PRH rents. He therefore expressed regrets about replacing the MRIR ceiling by the new rent adjustment mechanism, and the divestment of HgA 's retail and carparking facilities, as these had pushed up the PRH rents and the prices of goods and services available to PRH estates. He considered it unreasonable that property developers who had made great profits were not required to pay higher tax to subsidize PRH production to keep PRH rents low. STH noted Mr LEUNG's comments and advised that it was not the current policy to require certain industry or sector of the society to pay more tax to subsidize PRH production.

Chapter XV : Transport

15.1 At the Chairman's invitation, Ms Eva CHENG, Secretary for Transport and Housing (STH), briefed members on the part of the Estimates which related to the transport portfolio (Appendix IV-13).

Land transport

Road safety

15.2 Mrs Selina CHOW noted that there was only a 10% decrease in the number of traffic accidents involving red light jumping after the launching of the expansion project, which involved installation of 59 additional red light cameras and 24 camera housings. Mrs CHOW also noted that despite the Finance Committee's approval of a commitment of \$86.3 million for the expansion project, the Administration only planned to spend \$12.3 million in 2008-2009 for carrying out the expansion project. She asked about the effectiveness of the expansion project in reducing red light jumping, and whether the project should be taken forward more expeditiously.

15.3 The Commissioner for Transport (C for T) responded that it would take some time for some drivers to change the bad habit of red light jumping even though the penalty had been raised a couple of years ago. The Administration had already made great efforts in publicity and public education, especially those targeting at professional drivers, with the assistance from the relevant trade associations. Such efforts would continue as part of the road safety campaign. The effect of the red light camera expansion project had begun to show, as evidenced by the increase in the number of driving licences being suspended. STH added that the Administration would examine how to expedite the expansion project, but the relevant installation works might necessitate lane blockage and had to be scheduled with great care to minimize their traffic impacts.

15.4 Mr WONG Kwok-hing highlighted the road safety problem caused by cargo compartments placed along roadside for storing construction wastes, but with no flashlights installed. This would cause traffic accidents at night or under poor lighting conditions. He urged the Administration to step up enforcement actions.

15.5 C for T responded that there was already legislation empowering the Police to remove the compartments if traffic safety was likely to be affected. The Lands Department could also take action against illegal occupation of

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government land. However, some cargo compartments were left at roadsides for one or two days, and might have been removed when the relevant departments took actions. It would therefore be more effective to tackle the problem through self-regulation by the related trades. In this regard, a set of guidelines on the use of the compartments for compliance by the trades had been drawn up, putting forward various suggestions about their fittings and locations, including the installation of yellow flash lights at each top corner of a cargo compartment or placing traffic cones with yellow flash lights around such compartments at night time for safety purpose. C for T emphasized that through the above guidelines, enhanced publicity efforts and strengthened co-ordination of various departments at the district level, the problem could be contained. Mr WONG Kwok-hing expressed concern that the guidelines had no legal status and did not have deterrent effect. He urged the Administration to step up actions against the problem. Mr WONG's comments were noted by the Administration.

Road congestion

15.6 Ms Emily LAU and Mr LEUNG Kwok-hung expressed concern about the uneven distribution of traffic among the three road harbour crossings. Ms LAU said that no improvement had been made despite the engagement of an external traffic consultant in 2007-2008 to provide technical input at a cost of about \$0.24 million. She noted that no further provision in this regard had been made for 2008-2009, and asked about the Administration's plans to improve the traffic of the harbour crossings. In reply, STH advised that at present, the focus of work was to discuss with the tunnel operators concerned the option of extension of franchise in exchange for toll reduction.

15.7 On Mr LEUNG Kwok-hung's suggestions of buying back the Eastern Harbour Crossing (EHC) and the Western Harbour Crossing (WHC), STH advised that this would involve determining a price acceptable to both the operators concerned and the community. It was also necessary to consider whether the capacity of the connecting roads of WHC and EHC could accommodate the traffic flow diverted from the Cross-Harbour Tunnel (CHT). To improve the distribution of traffic among the three harbour road crossings, the Administration was actively following up the proposed Central-Wan Chai Bypass.

15.8 Mr Jeffrey LAM highlighted the low usage of Shenzhen Bay Port (SBP), and the need to divert traffic from Lok Ma Chau to relieve traffic congestion there. He enquired whether vehicles could be allowed to enter the

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Mainland via one border control point and leave through another. In reply, the Deputy Secretary for Transport and Housing (Transport)³ advised that the Administration had been closely monitoring the vehicle flow of SBP since its commissioning, and had introduced measures to improve the situation. She further said that the handling capacity of a border control point should match the vehicle flow. If motorists under the quota system were allowed to use any border control points as they wished, it would not be conducive to achieving traffic diversion from the existing control points to the new control point.

Rail service

15.9 Ms Miriam LAU noted that Lloyd's Register Rail (Asia) Limited had been commissioned to conduct a study on how railway projects would be delivered under the concession approach. Pointing out that the Government had already decided to ask the MTR Corporation Limited (MTRCL) to proceed with the further planning and design of the Shatin to Central Link project based on the concession approach, she questioned why such a study was necessary after the Government had taken a decision on the approach. In reply, the Director of Highways clarified that the purpose of the study was to devise a simple and effective mechanism for monitoring the performance of the rail operator entrusted with the design and construction of a railway project under the concession approach.

15.10 Mr LEUNG Kwok-hung enquired whether any restrictions had been imposed on MTRCL from conducting business overseas. He was concerned that if MTRCL's overseas business incurred losses, there would be pressure on railway fares which might be increased to cover the losses. In reply, STH explained that an objective and transparent fare adjustment mechanism had already been adopted following the merger of the Mass Transit Railway and the Kowloon-Canton Railway systems. Under the mechanism, fare adjustments were based on the composite Consumer Price Index and the Wage Index published by the Census & Statistics Department and a productivity factor. As such, the performance of MTRCL's business overseas would have no bearing on the fare level. Moreover, MTRCL was required to operate according to prudent commercial principles, and all of its business contracts, be they local or overseas contracts, were subject to the same principles.

Air transport

15.11 Pointing out that the Hong Kong International Airport (HKIA) was already very busy with occasional flight delays, Mr Jeffrey LAM asked whether the increasing number of private business jet aircraft using HKIA would affect its normal operation. He also asked whether there were guidelines governing aircraft movements and the provisioning of air traffic control for these flights at HKIA.

15.12 The Director-General of Civil Aviation (DG of CA) advised that while the number of business aviation flight movements at HKIA had increased in recent years, their movements, totalling some 3 600 in 2007, were averaging to about 10 flights per day. As compared to 800 to 900 daily aircraft movements at HKIA, it represented a small percentage of the daily traffic, and therefore only had insignificant impact on air traffic control workload. Moreover, according to a recent survey, there would be an average of around 10% unused runway slots between 10:00 and 19:00 hours for allocation. These slots could be used by private business aircraft which was an important element for maintaining Hong Kong's position as an international aviation centre.

15.13 Mr Albert CHAN highlighted the concerns of residents of New Territories West that the proposed construction of a third runway for HKIA would lead to more serious noise pollution. STH advised that the third runway was only at an early planning stage, the construction of which would be subject to the environmental impact assessment (EIA) process. The Deputy Secretary for Transport and Housing (Transport) 4 added that the Airport Authority Hong Kong (AAHK) intended to commission a consultancy firm in the fourth quarter of 2008 to conduct the engineering and environmental feasibility studies on the proposal of building the third runway, which would include an EIA study to be conducted in accordance with the Environmental Impact Assessment Ordinance (Cap. 499). In recognition of public concerns in this regard, during the EIA process, which would allow public participation, the Administration would address issues, such as noise, air and water pollution, related to the proposed third runway, and the impact on the habitat of the Chinese White Dolphins. Mitigation measures would be worked out having regard to the findings.

Sea transport

15.14 Referring to the recent ship collision incident off Lantau Island, Mr Jeffrey LAM sought to ascertain if Hong Kong's vessel traffic services were up to international standards, and if not, whether there was a need to set aside provisions to introduce improvements. In reply, the Director of Marine (D of M) elaborated that a multi-pronged approach had been adopted to ensure marine safety. With regard to the safety of shipping channels in Hong Kong waters, regular comprehensive surveys of the marine traffic density and flow were conducted to understand the nature of traffic movements. Based on the survey results, the Marine Department (MD) had introduced and enhanced its vessel traffic services, which was a system of radars, cameras and VHF communications covering the entire Hong Kong waters to enable MD to identify vessels and direct them accordingly in the main traffic flow. Where harbour patrol was concerned, there were automatic identification systems on international ships to enable MD to identify more clearly the vessels that moved into the harbour. There was also a fleet of harbour launches that patrolled the channels to ensure that local and river trade vessels would comply with traffic rules. To raise the related sectors' awareness of the importance of marine safety, MD also organized seminars for craft operators. As to the recent ship collision incident, MD would conduct an investigation into it and review the traffic situation on the basis of the findings.

15.15 Mr Albert CHAN considered that the shipping channel between the western part of Tsuen Wan and Tuen Mun was an accident blackspot. As it was important to ensure marine safety to uphold Hong Kong's international reputation, he enquired about the regulatory measures in this respect. In reply, D of M pointed out that the Administration attached great importance to marine safety in recognition of the contribution of the port to Hong Kong's economy. The channel highlighted by Mr CHAN was already under close monitoring with a number of regulatory measures in place. For example, larger ships were required to undertake the passage through Ma Wan singularly and only when the tides did not pose any hazards. As to smaller vessels which went around the Ma Wan Island through Kap Shui Mun Channel, those exceeding 20 metres long were required to follow a one-way system. Larger vessels could go north around Ma Wan, but when they went south, they would have to go through Kap Shui Mun Channel instead. As to the area around Pillar Point, Urmston Road area where traffic came around past the Tap Shek Kok Power Station and south of Tuen Mun, MD had realigned the buoy system in 2007 to adapt the channel for larger vessels. Where smaller vessels were concerned, education and patrol efforts would be

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made to enhance their safety awareness. If further navigational risks were identified as a result of the recent accident investigation, more resources would be made available to effect necessary improvements.

Outlying Island ferry services

15.16 Ms Miriam LAU referred to the recent tendering exercise for the operation of the four outlying island ferry routes, viz. "Central – Mui Wo", "Central – Peng Chau", "Central – Yung Shue Wan" and "Central – Sok Kwu Wan" (the four ferry routes). She enquired whether the Administration would, in recognition of the importance of the four ferry routes to the residents concerned, consider subsidizing the routes to obviate the need for the operators to charge very high fares or reduce trip frequency to make the services financially viable.

15.17 In reply, STH pointed out that the fares quoted in the earlier tendering exercise for the four ferry routes were too high, therefore the Administration had arranged for re-tendering with additional measures, such as fee exemptions and tax waivers, to help reduce the operating cost. The operators would be required to maintain the trip frequency at peak hours, while many trips during non-peak hours, including overnight sailings, would be maintained at slightly reduced frequencies to cut the operating cost. The intention was for the re-tendering exercise to attract more tenderers, and that the fares could be lowered as a result of the above waiver and exemption measures. In the long run, the proposed relaxation of land use at Central Piers No. 4, 5 and 6 to allow commercial activities, such as restaurants, fast food shops, retail shops and service trades, on the first floor of the piers should hopefully balance the operator's ability to generate non-fare box revenue to subsidize ferry operation. The Administration would take forward the above plan expeditiously, and the Planning Department was already consulting the public on the land use proposal. If supported by the public, the proposal would help make ferry services financially viable and optimize the use of the prime site.

15.18 Mr LEUNG Yiu-chung opined that the re-tendering exercise had yet to allay islanders' concerns about the reduced service levels and increased fares. He pointed out that the population of the outlying islands had dwindled because of deteriorating and unsatisfactory ferry services. He therefore urged the Administration to introduce more long-term measures with additional resources to improve the situation.

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15.19 In response, C for T advised that in order to achieve the right balance between service level and fare levels, wide consultation with islanders had been conducted when preparing the re-tendering documents. However, the surge in fuel price would continue to be a major consideration of potential operators. In the long run, the Administration would continue to explore measures to help reduce the operating costs and increase non-fare box revenue. These measures included improving the maintenance and conditions of ferry piers with the Government bearing the cost to enhance their rental values, relaxing land use at Central Piers No. 4, 5 and 6, waiving the vessel-related fees of the four ferry routes, and making changes to overnight sailings. The Transport and Housing Bureau (THB) had also been liaising with relevant departments and bureaux to expedite the proposed development in the Urban Design Study for the New Central Harbourfront. After the licences for the four ferry routes were awarded, consideration would be given to granting operators longer operating periods to enable them to make longer-term investment to increase their non-fare box revenue.

Logistics development

15.20 Mr SIN Chung-kai referred to the Government's plan to study the site at Southwest Tsing Yi for the development of Container Terminal 10 (CT10), and a Hong Kong tycoon's recent comment on the need to develop CT10. He asked about the annual growth in the cargo movements in Hong Kong as forecast in the Study on Hong Kong Port – Master Plan 2020 completed in 2004. He also enquired about the actual container throughput of CT1 to CT9, and whether CT10, if developed, would be managed by a separate operator to introduce competition so as to lower the relevant charges and enhance Hong Kong's competitiveness.

15.21 In reply, STH noted that certain recent comments had not taken into consideration the need for Hong Kong to have long-term planning to maintain its competitiveness, since the logistics and port industries were cornerstones of Hong Kong's economy. She also advised that the container terminals in Kwai Tsing were already operating at 90% of their capacity. According to the Study on Hong Kong Port Cargo Forecasts, Hong Kong's container throughput would see a modest and stable growth notwithstanding competition from South China ports. New container berths would therefore be required in 2015 or the latest in 2020. As advance works had to be conducted for developing container terminals, and given the time required for compliance with the relevant legislation, it was necessary to identify a suitable site for CT10 as soon as possible. She

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considered that there was no need to be too sceptical about the prospect of Hong Kong's port development. While Government's policy objective was not to be the number one port in the world, it was vital to continue to enhance Hong Kong's competitiveness. Recognizing the differences in operating cost between Hong Kong and South China, she pointed out that Hong Kong had competitive edge in terms of its free port status, transparent and efficient customs clearance procedure, efficiency of its terminals, and extensive cross-boundary transport networks, etc. As to whether CT10 should be operated by a separate operator, STH said that the matter would be considered after completion of the relevant technical study.

15.22 Mr SIN Chung-kai pointed out that while the handling volume of terminals in Kwai Chung had increased from 11 million twenty-foot equivalent units of containers in 2000 to 17 million in 2007, the handling volume of the River Trade Terminal (RTT) had decreased from 8.5 million in 2004 to 6.6 million in 2007. He asked about the reasons for the decline in business for RTT, and the measures taken to address the decline. The Deputy Secretary for Transport and Housing (Transport) 5 advised that container terminals and RTT offered different options for users whose decision was based on many factors, including the convenience offered, the adequacy of berths and the level of charges. After CT9 came into operation in 2005 to increase the handling capacity of container terminals, midstream cargo-handling services inevitably faced keener competition. At the same time, the sources of containers had also undergone some changes, resulting in an increase in in-transit containers that were directly transferred to/from barges at terminals without any need to use midstream cargo-handling services.

Transport related environment-friendly measures

15.23 Ms Miriam LAU referred to the 3.2-billion Grant Scheme for early replacement of pre-Euro/Euro I diesel commercial vehicles with new Euro IV commercial vehicles. As only some 4 000 applications for the Grant Scheme had been received since its introduction on 1 April 2007, Ms LAU enquired about the likely reasons for the lukewarm response, and whether unclaimed funds would be used to encourage vessels to install environment-friendly engines instead. In response, STH said that the technical feasibility of the latter initiative was still being examined by an inter-departmental group. C for T supplemented that the Grant Scheme was introduced by the Environmental Protection Department, and the Transport Department (TD) was responsible for processing the applications and handling enquiries. TD had regular contact with the transport trades and

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vehicle associations, and was given to understand that operators had to consider many factors in deciding whether to replace their commercial vehicles. For example, the age of their vehicles, and whether the new model could meet their operational needs. The recent surge in fuel price had also made it difficult for some operators to finance early replacement of their vehicles.

15.24 Dr Fernando CHEUNG noted that the Lantau Logistics Park and the Hong Kong Boundary Crossing Facilities (BCF) in connection with the Hong Kong-Zhuhai-Macao Bridge (HZMB) would involve large-scale reclamation and construction works. As many Tung Chung residents who would be directly affected by these works might not have moved in when consultation on HZMB was conducted, he enquired whether further consultation with these residents would be conducted. STH advised that public consultation would be conducted for each of these projects before gazettal. It was also hoped that the above projects, such as the Logistics Park and BCF, could create job opportunities and boost the local economy for Tung Chung, especially because BCF would be the landing point of the proposed Tuen Mun-Chek Lap Kok Link and possibly the Guangzhou – Shenzhen – Hong Kong Express Rail Link, thereby transforming Tung Chung into a transportation hub.

Disadvantaged groups

The low-income class

15.25 Ms LI Fung-ying asked why there were different requirements on the wage and fringe benefits of employees in the new contracts for the management, operation and maintenance (MOM) of government car parks, the Aberdeen Tunnel, the New Kowloon Bay Vehicle Examination Centre and CHT. She queried why there were inconsistent requirements for contracts administered by THB or its departments.

15.26 In response, C for T explained that each of these facilities had its own operational and management needs, and the contracts would be awarded by way of open tender. Having regard to the employment terms of the current staff employed by the existing operators who might bid for the contracts, it was necessary to strike a balance between protecting the employment security of existing staff and reducing the operating costs, so that the tender prices would not be too high, causing a burden on the community. Notwithstanding, he undertook to consider Ms LI Fung-ying's view on the need to standardize the wage requirements in the MOM agreements.

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15.27 Ms LI Fung-ying emphasized that the Government should ensure consistency in the implementation of policy initiatives within bureaux/departments, and also in corporations/entities under their supervision. She pointed out that some contract staff under AAHK were given wages lower than the market rate. She urged STH to ensure that all contracts for projects and facilities under THB would incorporate requirements in keeping with the Wage Protection Movement. STH agreed to consider Ms LI's views and convey them to AAHK for consideration. She advised that some contracts under THB had yet to expire, while certain contracts of AAHK had already incorporated AAHK's own wage requirements.

15.28 Concerned about the impact of inflation on the low-income working class, Mr LEUNG Kwok-hung enquired about measures to ensure that the fare increase applications by franchised bus companies would not aggravate inflation. In reply, STH advised that since the promulgation in December 2000 of the Modified Basket of Factors approach for assessing bus fare adjustment applications, a basket of factors would be taken into account when considering such applications. She assured members that the Administration was fully aware of the implications of bus fare increase on people's livelihood, and would exercise great care when vetting the applications.

Persons with disabilities

15.29 Dr Fernando CHEUNG pointed out that many public transport interchanges (PTIs) did not provide barrier-free access to persons with disabilities (PwDs). The Deputy Secretary for Transport and Housing (Transport)2 (DS(T)2) advised that it was a policy initiative of THB to encourage public transport operators (PTOs) and relevant departments to provide barrier-free transport for PwDs where conditions permitted. A standing working group comprising representatives from TD and the Highways Department had regular meetings with PwDs on improving accessibility of PTIs. Such efforts would continue.

15.30 Dr Fernando CHEUNG referred to a complaint that a foreign air carrier had refused to allow a disabled passenger to board a flight from Hong Kong. He enquired whether the relevant Hong Kong authorities could require carriers to comply with the Disability Discrimination Ordinance (Cap. 487). In reply, DG of CA explained that although all air carriers had to submit their operations manuals to their respective civil aviation authorities, air carriers could have their own PwD access policy. It was also noted that the presence of PwDs

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on board a flight might complicate the evacuation process during an emergency. An air carrier therefore had to strike a balance and exercise discretion as necessary when deciding whether to allow PwDs to board a particular flight in the light of the relevant circumstances. Factors, such as the degree of disability of the PwD concerned and whether he/she needed to use special equipment, would be considered. The major consideration should be related to aircraft flight safety and safety of other passengers on board.

15.31 Mr LEUNG Yiu-chung noted that the Financial Secretary had proposed in the Budget to provide an additional monthly transport supplement of \$200 each to recipients of Disability Allowance aged between 12 and 64, and recipients under the Comprehensive Social Security Assistance Scheme in the same age group with 100% disability. He asked whether the Administration would also consider the option proposed by MTRCL in March 2007, which suggested discounted fares for an identifiable group of PwDs on the basis that the Government would fund any deficits.

15.32 DS(T)2 responded that the Legislative Council (LegCo) Subcommittee to Study the Transport Needs of and Provision of Concessionary Public Transport Fares for Persons with Disabilities had been discussing the provision of fare concessions to PwDs. She said that the Government took the view that the provision of subsidies to PwDs in using public transport should be a welfare issue. The Labour and Welfare Bureau would therefore seek a provision of \$230 million to provide for a monthly transport supplement of \$200 each to eligible PwDs. To the Government, it would be the most effective use of the public monies in meeting the transport subsidy needs of PwDs. Apart from this, the Administration would, in its regular liaison, continue to encourage PTOs to offer fare concessions to the public, including PwDs.

Other issues

15.33 Mr WONG Kwok-hing said that drivers of liquefied petroleum gas (LPG) taxis and light buses often had to queue for a long time for refilling at designated LPG filling stations. He urged the Administration to increase the number of LPG filling stations to tackle the problem. In reply, C for T explained that the provision of LPG filling stations was determined by the Electrical and Mechanical Services Department (EMSD) with regard to the needs of different districts. He agreed to refer Mr WONG's request to EMSD for consideration.

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15.34 Mr WONG Kwok-hing referred to media reports on plans to cut short the ride on Ngong Ping 360 by increasing the speed of the cable car, in order to increase patronage and the fare box revenue. Expressing concern that this might affect passenger safety, he considered that the Administration should consult LegCo before taking forward the proposal. STH advised that Ngong Ping 360 was a tourism project and she would relay Mr WONG's concern to the Secretary for Commerce and Economic Development.

15.35 Noting that pedestrian schemes would be introduced in Wan Chai, Yau Tsim Mong and Sham Shui Po in 2008-2009, Ms Emily LAU pointed out that such schemes were welcomed by shops and pedestrians, and should be extended to other areas. She also suggested that more beautification and greening works should be conducted in the road sections concerned. In reply, C for T explained that pedestrian schemes of different types had been implemented in many districts since 1999. However, there had been an increase in complaints from shops that their business was affected by serious obstruction in such streets caused by people staging shows and talks, or conducting exhibitions and promotional activities. The Administration would therefore need to conduct further consultation with the districts concerned before launching any large-scale pedestrian scheme.

Chapter XVI : Home Affairs

16.1 At the Chairman's invitation, Mr TSANG Tak-sing, Secretary for Home Affairs (SHA), briefed members on the main initiatives of the programmes under the Policy Area: Environment (Appendix IV-14).

2008 Olympic and Paralympic Equestrian Events

16.2 Miss TAM Heung-man said that while Hong Kong was the co-host city of the Beijing 2008 Olympic Games and Paralympic Games, and also the host of the 2009 East Asian Games, it seemed that there was a lack of public interest in the Games, particularly the Equestrian Events which were not very popular in Hong Kong. She enquired whether more resources would be earmarked to arouse public interest in these Games. In response, SHA said that the Administration would capitalize on these Games to further promote sports development in Hong Kong, along the three strategic directions to promote sports in the community, develop elite sports and make Hong Kong a major location for international sports events. Funding would be allocated to District Councils (DCs) and local community organizations to organize activities relating to the promotion of Olympic and Paralympic Spirits. While acknowledging that Equestrian Events might not be very popular in Hong Kong, SHA said that a series of educational programmes had been launched to enhance public understanding and appreciation of the events, as in the case of marathon events which had been gaining popularity among members of the public. Miss TAM however pointed out that unlike marathon events which had been held for many years, Equestrian Events would be held in Hong Kong for the first time. Hence, more efforts would be required to arouse public interest and participation in the Equestrian Events. SHA took note of Miss TAM's view.

16.3 Mr WONG Ting-kwong enquired about the plans/activities in place to welcome the Olympic Torch by both the public and the private sectors. Given the recent protests targeting at the Olympic Torch Relay in other places, he asked how the Administration could ensure safety of the Relay in Hong Kong. SHA responded that the community of Hong Kong as a whole was in full support of the hosting of the Olympic Games in Beijing. While details of the Olympic Torch Relay in Hong Kong had yet to be finalized and announced in due course, it was anticipated that runners would pass through a number of main roads in busy districts and the public were welcomed to watch the Relay along the route. He added that the spirit of Olympic Games was to promote international friendship through sports without interference from politics. The Administration would uphold this spirit in promoting Olympism and would ensure that the Torch Relay in Hong Kong would be conducted in an orderly manner.

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16.4 Dr Fernando CHEUNG remarked that in addition to taking pride in being the co-host city of the Beijing 2008 Olympic Games and Paralympic Games as well as the host of the 2009 East Asian Games, the Administration should promote the integration of able-bodied and disabled persons in the community, in line with the spirit of these Games. He considered that the Administration should enhance the assistance, including training facilities, for disabled athletes as they were now receiving less favourable treatment than elite athletes. SHA responded that in devising the publicity and promotional programmes, the Administration focused not only on the Olympic Spirit of transcendence, but also the concepts of integration and equality as enshrined in the Paralympic Spirits. The Administration would continue to promote the Paralympic Equestrian Events in Hong Kong. A disabled athlete was invited to join the Committee on the Promotion of Civic Education, which also aimed at promoting, among others, the Paralympic Spirits of transcendence, integration and equality within the community. In addition, more facilities for disabled athletes would be provided where resources permitted.

16.5 Given that a new commitment of \$150 million would be created for the promotion of Olympism, Mr LAM Wai-keung called on the Administration to take into account the need of each district when organizing community participation programmes. The Director of Home Affairs (DHA) took note of Mr LAM's view.

National education

16.6 Miss CHAN Yuen-han opined that the Administration should adopt a more lively approach in promoting national education, for example, through preservation of historical heritages, such as the Ngan Tsin Wai Village, which bore a testimony to the history of Hong Kong. This would enhance people's understanding of the history of Hong Kong, and was a good way to promote national education. She was disappointed that the Government had demolished some heritages with historical significance for redevelopment. She urged the Administration to coordinate relevant bureaux/departments to devise measures to preserve historical heritages for the promotion of national education. SHA advised that in deciding whether a structure should be preserved or redeveloped, the Administration would take into account the opinions of the community and DCs concerned. Nevertheless, SHA took note of Miss CHAN's suggestion of adopting a more lively approach in promoting national education.

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16.7 Ms Emily LAU questioned the Government's commitment in promoting national education and Olympic Spirit when some directly elected Members of the Legislative Council were labelled as "traitors" and forbidden to return to the Mainland by the Central Government. She asked how the Administration could resolve the conflict.

16.8 In response, SHA said that he was not aware of the use of "traitor" in official documents of the Central Government. In his opinion, there was no question of "returning" to the Mainland as Hong Kong was already part of China after the handover. The conflict referred to by Ms LAU might be attributed to the difference between the systems in the Mainland and Hong Kong. As regards national education, SHA said that previous emphasis was more on the "two systems" aspect of the "one country, two systems" principle. In future, efforts would be made to enhance public understanding on the "one country" aspect.

16.9 Mr LEUNG KWOK-hung was not convinced of SHA's response because he was one of those who were deprived of the right to return to the Mainland, which the majority of Hong Kong people could enjoy. He opined that as national education should be closely related to the history of a place, consideration should be given to establishing a museum of history to commemorate events, such as "Movement Against the Violence of the British" and "Cultural Revolution". Conferences or symposia on the way forward on the unification of China should also be organized for participation by people from the Mainland, Taiwan and Hong Kong. These would serve the purpose of national education. SHA considered it feasible for Hong Kong to organize conferences or symposia for the three places given its unique status.

Provision of performing arts venues

16.10 Apart from the West Kowloon Cultural District (WKCD) Project, Miss CHOY So-yuk asked if there was any plan to review the demand for arts and cultural infrastructure in each district and if so, the time-frame within which such demand could be met. SHA explained that WKCD was an important strategic investment in arts and culture for the future of Hong Kong. In addition to WKCD, efforts were being made to identify more venues in various districts to meet the needs of the performing arts sector and the community. These included the construction of a new Cross District Community Cultural Centre in Kwun Tong. The provision of additional cultural venues would need to be considered based on the needs of individual districts, and taking into account the facilities already available.

Cultural software development

16.11 Referring to a research study launched by the Working Group on Arts Education under the Committee on Performing Arts on general arts education to take stock of the provision of general arts education inside and outside schools, with a view to benchmarking its provision against international best practices, Ms Emily LAU queried how the cultural software development could tie in with the WKCD Project in a timely manner. SHA said that the Administration recognized the need to strengthen the development of cultural software. To this end, the total expenditure on cultural software would be increased from \$2.54 billion to \$2.75 billion in 2008-09, representing an increase of \$0.21 billion, to enhance support for the Hong Kong Arts Development Council and the Hong Kong Academy for Performing Arts.

Enhancement of district administration

16.12 Mr Frederick FUNG noted that some DCs had participated in the pilot scheme on management of district facilities since 2007. He asked if the Administration had assessed the effectiveness of the pilot scheme for reference of other DCs. DHA explained that the pilot scheme was launched in 2007 in four selected districts, namely, Wan Chai, Wong Tai Sin, Tuen Mun and Sai Kung. To support the work of the four DCs concerned, additional funding had been allocated to these DCs for the implementation of the enhanced functions. The Administration had engaged the University of Hong Kong to evaluate the effectiveness of the pilot scheme. The report on excellent projects was made available to all DCs and a symposium was held for the four DCs concerned to share their experience with other DCs. In light of DCs' concern about the manpower requirement arising from the new arrangements, additional resources would be provided to assist them in discharging the additional work. For example, DCs might use up to 10% of their respective district allocation for engaging additional staff to assist DCs in discharging DC duties, including implementing community involvement (CI) projects. At Mr FUNG's request, the Administration undertook to provide information on the nature and effectiveness of the pilot CI projects completed so far, and the additional manpower engaged by DCs to assist their work in implementing these projects, particularly under the arrangement for DCs to use 10% of their respective allocation for engaging additional staff.

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16.13 While welcoming the enhancement of DCs' functions in the management of some district facilities, Miss TAM Heung-man noted with concern that some media reports had criticised the way in which funding for CI projects were approved by DCs. She asked how the Administration could monitor the funding allocation process to ensure the prudent use of public resources. SHA responded that the Home Affairs Department had promulgated guidelines, which set out general requirements on the ambit of funds, application and vetting criteria, processing procedures, administrative and financial arrangements on procurement procedures etc, to ensure that the funds for CI projects were allocated by DCs in an open, fair and transparent manner.

16.14 Ms Emily LAU noted that the Administration had earmarked about \$900,000 for the organization of the annual Summit on the District Administration Scheme in May 2008. As the Summit would take the form of a half-day seminar, she questioned whether sufficient time could be allowed for fruitful exchanges and in-depth discussions. SHA explained that the Summit was held in response to the request of DC members and community representatives to provide for a platform to exchange views with the senior echelon of the Government on a wide range of livelihood issues of interest to the community, particularly on district administration. The Summit would be chaired by the Chief Executive and attended by all Principal Officials, relevant Permanent Secretaries and Heads of Departments. Six topics had been identified, namely, (i) community building, culture and sports; (ii) social welfare; (iii) environment and hygiene; (iv) transport and housing; (v) development and conservation as well as (vi) environmental protection. Apart from the plenary session, six break-out groups would be formed for in-depth discussion of the above six topics. The provision of \$900,000 was primarily for meeting the charges of meeting venue, technical support services and related expenses.

Social enterprise

16.15 Miss CHOY So-yuk enquired about the progress of development of social enterprise (SE), and the resources earmarked for 2008-09 in this respect. SHA responded that following the Summit on Social Enterprise held in December 2007, which aimed at promoting understanding of SE and providing a platform for various bodies to explore the way forward for the further development of SE in Hong Kong, additional resources had been earmarked to support and promote the development of SE. It was worth noting that the concept of SE had gained increasing support, and some business organizations

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had indicated interest in establishing SEs. In this connection, the Administration had launched the SE Partnership Programme, which provided a platform to enhance and facilitate partnership among different sectors of the community through a matching forum and the SE Mentorship Scheme. Through the matching forum, interested business organizations could team up with non-governmental organizations to establish SEs or to partner with SEs. The SE Mentorship Scheme provided a channel to link up entrepreneurs or professionals with SEs for the former to offer voluntary professional and business advisory services to the latter. The Administration had also introduced a pilot scheme to facilitate SEs in bidding government cleansing contracts, under which 38 government cleansing contracts had been set aside for eligible SEs to bid.

16.16 Mr LEUNG KWOK-hung opined that the Home Affairs Bureau (HAB) should coordinate relevant bureaux/departments to promote the development of SE and environmental enterprises, which were good examples of civic and national education. SHA confirmed that the development of SE was within the purview of HAB and additional provision had been earmarked for this purpose in 2008-09.

16.17 Dr Fernando CHEUNG noted that the Inland Revenue Department had demanded for tax repayment from some SEs. He asked if consideration could be given to granting tax exemption to SEs. SHA advised that many SE organisations in general should have acquired charitable status under section 88 of the Inland Revenue Ordinance (Cap. 112), hence already enjoyed certain tax exemption.

Development of local economy

16.18 Mr Albert CHAN opined that SE was only one way to promote local economy. HAB should coordinate relevant bureaux/departments to implement other local economy programmes, such as development of Silver Mine Cave or Cheung Po Chai Cave into tourist spots. SHA said that the Administration attached great importance to promoting local economy, as this would bring about small-scale investment or business activities within the districts which would boost local consumption and create job opportunities. In this regard, HAB hoped to coordinate some characteristic local economy programmes in the districts through the relevant DCs, as in the case of the computer festival in Shamshuipo.

Legal Aid

16.19 Mr Albert HO recalled that in the light of members' concern about the independence of legal aid following the transfer of the policy responsibility from the Administration Wing of the Chief Secretary for Administration's Office to HAB, the Administration had undertaken to conduct a study on the feasibility of establishing an independent statutory legal aid authority. He enquired about the progress of the study. SHA responded that the Legal Aid Department (LAD) had continued to operate independently since the transfer took place nine months ago. Notwithstanding, the Legal Aid Services Council had set up a working group to conduct a review of the feasibility of establishing an independent statutory legal aid authority. At the request of Mr HO, the Administration undertook to provide further information on the progress and time-table of the review.

16.20 Mr LEUNG Kwok-hung noted that for cases involving an inconsistency with the International Covenant on Civil and Political Rights, the Director of Legal Aid might grant legal aid to an applicant even if his/her income and asset exceeded the prescribed financial eligibility limit. He asked if such exemption could also apply to cases involving an inconsistency with the International Covenant on Economic, Social and Cultural Rights. These would include judicial review of the case relating to the introduction of statutory minimum wage. SHA advised that according to his understanding, the Department of Justice was conducting a review of the introduction of statutory minimum wage. If exemption was extended to specific kinds of cases, it would have financial implication on LAD and implications on other policy areas, and have to be seriously considered.

16.21 Given that there were only four Professional Officers in the Official Solicitor's Office (OSO), Mr Albert HO questioned whether the existing staffing establishment was sufficient to cope with the demand. He was also aware that the Law Society of Hong Kong had expressed concern about the low rates of legal aid fee for criminal cases, and this might discourage experienced lawyers/qualified lawyers from participating in such work, hence affecting the quality of service. He urged for a review of the current remuneration system.

16.22 The Director of Legal Aid advised that with the creation of four posts and the filling of an existing vacant post of Assistant Principal Legal Aid Counsel, there would be five Professional Officers in OSO. As regards the concern about

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legal aid fee, SHA agreed to the need for review of the rates, but stressed that the present remuneration had not affected the service quality of legal aid.

Local environmental improvements

16.23 Noting that a provision of \$175 million was earmarked for local environmental improvement projects, Mr LAM Wai-keung enquired about the funding allocated to DCs in this regard. DHA advised that the estimated expenditures for the Local Public Works (maintenance) projects and Rural Public Works projects in 2008-09 were \$35 million and \$125 million respectively. The Administration would also provide \$300 million per annum to the 18 districts in 2008-09 to implement district minor works under the District Minor Works programme.

Building management

16.24 Miss CHOY So-yuk opined that the Building Management Resource Centres could do more in mediating disputes on building management before these were brought before the Lands Tribunal. In response, DHA agreed that mediation was a good alternative. In this regard, the Lands Tribunal launched a pilot scheme on the use of mediation to resolve disputes in building management cases on 1 January 2008. The effectiveness of the pilot scheme would be monitored and reviewed after one year. Liaison Officers in 18 districts had been briefed on the pilot scheme so that they could encourage parties concerned to make use of the mediation service under the pilot scheme.

Family Commission

16.25 Dr Fernando CHEUNG considered that there was a need to rationalize the work of various commissions, such as the Elderly Commission, Women's Commission and Commission on Youth, through the establishment of a new Family Commission. SHA responded that the proposal of integrating the three commissions with the new Family Commission was under review. Meanwhile, the Family Council agreed that the priority issues to be considered would include identification of core family values, ways to create a pro-family environment, and ways to enhance effectiveness as well as co-ordination of family education. It would also explore ways to achieve more collaboration among the three commissions.

Provision of columbarium facilities

16.26 Given the shortage of columbarium facilities, Dr Fernando CHEUNG opined that the Administration should explore more new sites for the Board of Management of the Chinese Permanent Cemeteries (BMCCPC) to develop columbarium facilities. SHA said that BMCCPC was in the process of identifying suitable sites for development of new columbarium facilities with relevant bureaux/departments. However, as local communities sometimes expressed strong views against the development of columbarium facilities within their districts, there was a need to foster a culture of tolerance and mutual respect.

Recreation and sports

16.27 Miss CHOY So-yuk expressed concern about the lack of open space and recreation facilities in urban areas. She considered it necessary for the Leisure and Cultural Services Department to liaise with the Planning Department to identify suitable sites for the setting up of these facilities, such as dog parks, cycling tracks etc. SHA said that over \$10 billion had been earmarked for the development of suitable leisure and cultural projects in different districts taking into account their needs.

16.28 Miss CHOY So-yuk noted with disappointment that only eight sports exchange programmes with three Mainland provinces/cities were planned for 2008-09. She enquired whether consideration would be given to allocating more resources to strengthen sports exchanges with neighbouring provinces/cities in the Mainland. SHA responded that HAB would host the 10th Greater Pearl River Delta Cultural Cooperation Meeting in 2008-09 to strengthen collaboration and exchanges with Guangdong and Macao. A website had also been set up to promote cultural cooperation among Guangdong, Hong Kong and Macao.

Development and conservation

16.29 Miss CHAN Yuen-han noted that there was concern about the construction of artificial Lung Mei Beach at Tai Po lest this would affect the local marine ecology, particularly the survival of sea stars. The Director of Leisure and Cultural Services responded that this was a former Municipal Councils project supported by the Tai Po DC and some DCs in the New Territories. The Civil Engineering and Development Department (CEDD) had employed a consultant to carry out an Environmental Impact Assessment (EIA) study in

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accordance with the EIA Ordinance (Cap. 499). CEDD had submitted the EIA report for consideration by the Environmental Protection Department (EPD) and Advisory Council on the Environment, which accepted the report with conditions. As there were diverse views on the ecology of Lung Mei Beach, CEDD had requested the consultant to carry out additional ecological surveys to supplement information in the EIA study report for consideration by EPD. It was expected that the report would be completed in mid 2008. CEDD would implement a range of mitigation measures to minimize the impact of the construction works on the environment in accordance with the EIA study.

Chapter XVII : Food Safety and Environmental Hygiene

17.1 At the invitation of the Chairman, Dr York CHOW, Secretary for Food and Health (SFH), briefed members on the major initiatives and expenditure on food safety and environmental hygiene for the coming year (Appendix IV-15).

Food safety

Food labelling

17.2 Ms Emily LAU said that despite the Administration's claim that the legislative amendments regarding nutrition labelling on prepackaged food would not affect the relevant trades, many food importers were worried that their business would be adversely affected as some food items, which were commonly available in other countries, might no longer be imported. Ms LAU pointed out that some native food items consumed by the ethnic minority in Hong Kong might also not be imported because of the labelling requirements. Ms LAU asked whether the Government had assessed the number of food items which might disappear from the local market owing to the new food labelling requirements. Mr James TIEN shared Ms LAU's concerns and pointed out that a balance had to be struck between protection of public health and enabling the public to have choice on food items from all over the world, as Hong Kong was an international city and many expatriates living in Hong Kong wanted to have food of their native countries. Mr TIEN was concerned that if the food labelling regulations also required importers of small quantities of food items to provide Chinese or English translation of the food ingredients, it would lead to higher costs and selling price of the items.

17.3 SFH responded that the proposed legislative amendments to the food labelling regulations had been discussed and supported by the Legislative Council (LegCo) Panel on Food Safety and Environmental Hygiene. He explained that to safeguard public health and consumers' rights, more detailed food labelling should be required for food items for which a claim had been made regarding the effects of the food. It was proposed that if the quantity of an imported food item did not exceed 30 000 items a year and if no nutrition claim was made, the food item would be exempted from the labelling requirements.

17.4 Dr Joseph LEE asked whether, apart from organizing workshops for the trade regarding the food labelling requirements, the Government would consider offering incentives, such as subsidies, to the trade for compliance with the enhanced food labelling requirements.

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17.5 The Director for Food and Environmental Hygiene (DFEH) responded that it was the food trade's responsibility to comply with the relevant food safety regulations. The Government would issue guidelines and organize workshops to assist the traders in complying with the regulations. It was not considered appropriate to provide incentives to the traders for compliance with legal requirements, but the Government would make efforts to minimize the impact of the new requirements on the trade, without compromising the safeguarding of food safety.

17.6 In response to Dr KWOK Ka-ki's enquiry, SFH stated that the total expenditure on food safety work amounted to \$466 million in 2008-2009, i.e. an increase of about 18.3% over last year's provision. DFEH added that publications would be made available and trained staff would be deployed to publicize the new food labelling requirements and enhance the public's understanding of food labelling.

Food sample testing

17.7 Dr Joseph LEE enquired about the new technologies adopted for food sample testing.

17.8 The Government Chemist (Govt Chemist) replied that \$30 million had been allocated in 2008-2009 for enhancing the technologies and purchasing equipment of the latest state of art for food testing, especially those involving residues of pesticides and chemicals.

Centre for Food Safety

17.9 Dr KWOK Ka-ki asked whether consideration would be given to further enhancing the expertise and manpower of the Centre for Food Safety, e.g. employment of additional experienced Veterinary Officers, in order to safeguard public health.

17.10 DFEH replied that currently there were 16 doctors, 12 Scientific Officers and seven Veterinary Officers working in the Centre for Food Safety. If necessary, additional resources would be sought to meet the increased workload of the Centre.

Environmental Hygiene

Avian influenza

17.11 Mr Albert CHAN expressed concern about the long time taken by the relevant government department(s) to act on reported dead birds on streets, as time is of essence in reacting to threats of avian influenza transmitted by birds. Mr CHAN enquired about the reason for not taking a dead bird reported by him for testing.

17.12 SFH responded that about 50 dead birds were removed daily from streets, and sometimes the government department concerned had to take some time to locate the birds because of the unclear information provided by the informers. The Director of Agriculture, Fisheries and Conservation (DAFC) explained that the dead bird reported by Mr CHAN had not been tested for avian influenza because the body of the bird was in a poor condition and unsuitable for testing. In general, dead birds were collected within the same day upon receipt of reports, and all cases were tested for avian influenza.

17.13 Dr Joseph LEE enquired about the number and names of the tertiary education institutes which would be appointed to undertake environmental samples analyses concerning avian influenza. He further asked about the districts where the samples would be collected, the number of samples to be collected, and the duration of the programme.

17.14 DFEH responded that the Food and Environmental Hygiene Department (FEHD) engaged the University of Hong Kong to collect monthly samples of chicken cage swabs from selected public markets and licensed fresh provision shops for testing of Influenza A viruses. SFH supplemented that under the regular surveillance programme, samples would be collected from places, such as country parks, wholesale poultry markets and the Hong Kong Wetland Park.

Rodent control

17.15 Mr Fred LI expressed concern about rodent problem in certain districts, as an expert from the Mainland was reported to have caught 17 rats in one hour in Mongkok district. He asked about the Government's pest control efforts in the districts, given that there were more than 1 000 staff employed for pest control.

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17.16 SFH responded that the problem of rats was not serious in Hong Kong as the rat index stood at 4.8, which was well below the international acceptable standard of 10. Referring to recent media report on the rodent problem in Mongkok, DFEH pointed out that the situation was under control according to assessment based on number of baits tasted by rats out of a total of 100. The assessment revealed that the index stood at 15.9 in 2000, 8.7 in 2001, 8.9 in 2002, and continued to drop to 2.9 in 2006 and 4.8 in 2007. The rat flea index, i.e. the number of fleas found on a rat caught for testing, stood at below one which was internationally regarded as acceptable. DFEH added that the Government allocated substantial resources to pest control work. Apart from pest control staff in FEHD, there were also about 440 staff employed by the contractors for rodent control. In addition to the 26 000 rats caught annually by Government pest control staff, a greater number of rats died in covered areas after taking the baits. In response to the public concern about the recent report on rodent problem in Mongkok, the Government had brought forward the second anti-rodent campaign to May this year and extended the period of the campaign from four to 12 weeks. In addition to markets, the campaign would cover restaurants, back alleys, and public cargo handling areas. As far as East Kowloon was concerned, the rat situation in Kwun Tong was similar to that of Mongkok. In 2007, 1 900 and 1 000 rats were trapped or poisoned in Kwun Tong and Wong Tai Sin respectively.

Prevention of cruelty to animals

17.17 Miss CHOY So-yuk enquired about the progress in the amendment of the relevant legislation on prevention of cruelty to animals.

17.18 DAFC replied that the proposed legislative amendments had been discussed by the relevant LegCo Panel in February 2008, and further consultation would be made with the stakeholders on the details before introducing a Bill into LegCo.

Hawkers and markets

17.19 Noting that the business registration fees would be exempted in the 2008-2009 Budget, Mr WONG Kwok hing enquired why hawker licence fees were not exempted as well.

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17.20 SFH pointed out that the hawker licence fees were relatively low, and the market stall rentals collected could not cover the management and maintenance costs for public markets. He would relay Mr WONG's concern to the Financial Secretary for consideration.

17.21 Dr Fernando CHEUNG asked about the review of the policies for markets and hawkers, and whether the Government would conduct public consultation on the long-term strategy on licensing of hawkers.

17.22 DFEH replied that the review of hawker policy would take about one year, and the review would cover usage of vacant fixed pitches, desirability of issuing new hawker licences and provision of cooked food stalls, as well as the licence renewal/succession policies. Any preliminary proposals in this regard would be presented to the relevant LegCo Panel for consideration.

17.23 Dr Fernando CHEUNG said that following the contracting out of the management of public markets, the management contractors were worried that they would have difficulty in enforcing the anti-smoking laws in the markets.

17.24 DFEH responded that enforcement of the anti-smoking laws were carried out by designated staff in relevant government departments, including FEHD, the Leisure and Cultural Services Department and the Department of Health. Suitable training would be provided to the enforcement staff and notices posted at conspicuous locations to warn people against smoking in public premises. Where necessary, joint operations with other government departments would be mounted to enforce anti-smoking laws in problematic areas.

17.25 Miss CHOY So-yuk opined that the Government should improve the management of open-air markets so as to enhance their cleanliness and viability. Miss CHOY asked whether there was any plan to relocate open-air markets.

17.26 DFEH responded that additional resources had been put in to enhance the hygiene condition of open-air markets, and there was no plan to relocate any of the open-air markets at the moment. The Government would consult LegCo and other stakeholders on any relocation plans of markets.

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Replacement of refuse collection vehicles

17.27 Mr Fred LI queried the need for replacing 62 refuse collection vehicles in one go, in view of the substantial cost of \$90 million.

17.28 DFEH replied that FEHD currently had 181 refuse collection vehicles, and the 62 being replaced had served for eight to 10 years and reached the end of their industry life. As the vehicles were no longer economical to maintain, they had to be replaced in the coming year.

Provision of columbaria

17.29 Mr WONG Kwok-hing expressed concern about the serious shortage of niches in Hong Kong and asked about the measures taken to solve the problem. Mr WONG suggested that to shorten the waiting time and save space, the ashes of couples could be allowed to be put together. Consideration could also be given to constructing additional floors on top of the existing columbaria for providing more niches. Dr Fernando CHEUNG shared Mr WONG's concern and remarked that the Government should devise a development plan in order to meet the growing demand for niches.

17.30 SFH responded that the Government had encountered strong opposition from local communities against the construction of columbaria in various districts. It was also necessary to consult the relevant District Councils on plans to expand the existing columbaria. To alleviate the shortage problem, the Government had promoted different ways for handling ashes of the deceased, such as sea burial and memorial gardens, which were gradually accepted by members of the public. The Government would continue to seek the local communities' support for the building of columbaria in order to meet the demand. DFEH supplemented that the Government should have been able to provide 140 000 additional niches if earlier plans had not been rejected by the local communities. The situation had been reported to LegCo in 2005 and 2007. Under the current circumstances, about 21 700 new niches would be provided by end 2008/early 2009 in Diamond Hill and Kwai Chung. In addition, the New Territories North District Council had agreed to the plan to build 37 000 additional niches in Wo Hop Shek, which would be completed in 2012. With the support of local communities, about 170 000 to 180 000 new niches could be provided in the next few years. Local communities were concerned that if the existing columbaria were expanded, it would adversely affect the environment and

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the traffic situation in the area concerned. The Government would endeavour to improve the design of columbaria so as to minimize their impact on the environment. As recommended by the Independent Commission Against Corruption, ballots would be held when new niches were available for allocation. Under the existing policy, the ashes of couples and members of the same family were allowed to be put in the same niche.

17.31 Mr WONG Yung-kan asked whether the Government would consider providing incentives to encourage sea burial. He cited the example of the Shanghai authority which offered an award of 400 RMB for each sea burial.

17.32 SFH responded that Hong Kong people were free to select the way of burial. Since last year, more than 160 families had carried out sea burials for their deceased relatives. DFEH added that three locations had been assigned for sea burials and leaflets had been distributed in places, such as funeral parlours, hospitals and aged homes, to promote sea burials. The procedures for application were simple and permits for sea burials could be issued within days. The Government did not consider the provision of cash incentive an effective way to promote sea burial.

Fishery resources

17.33 Mr WONG Yung-kan asked whether the Government would expedite the project for setting up a fish hatchery in Hong Kong so that it could be in operation in 2008. He further asked whether the Government had any plan to expand the project on development of artificial reefs.

17.34 DAFC responded that an experimental fish hatchery would be set up in 2008-2009. Training workshops would be organized to enhance the techniques of local fishermen in developing fish fry. New fish species suitable for Hong Kong would also be introduced to the local fishery industry. So far, about 170 000 cubic metres of artificial reef had been provided. The Government would continue to look for places suitable for development of artificial reef, and review the measures to promote the sustainable development of the fishery industry.

17.35 Miss CHOY So-yuk enquired about the progress of establishing a marine park near the Sokos Islands.

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17.36 DAFC responded that the current priority was to designate the Lantau North (Extension) Country Park, while the plan for setting up the additional marine park was still being pursued.

Social enterprises

17.37 Dr Fernando CHEUNG enquired whether the Government would amend the legislation governing the formation of co-operatives, in order to facilitate the operation of social enterprises. SFH clarified that the existing legislation was mainly to assist farmers and fishermen in forming co-operatives. The Government would review other relevant ordinances to facilitate the development of social enterprises in districts.

Additional post in the Food and Health Bureau

17.38 Noting that a Senior Personal Secretary (SPS) post would be created to provide secretarial support to the Under Secretary for Food and Health, Mr Alan LEONG asked whether the SPS posts were included in the Finance Committee proposal for the creation of Under Secretary and Political Assistant positions.

17.39 The Permanent Secretary for Food and Health (Food) (PS(F)) explained that SPS would serve both the Under Secretary and the Political Assistant of the Bureau concerned, and non-directorate posts could be approved by the relevant Departmental Establishment Committees under delegated authority. The Deputy Secretary for Financial Services and the Treasury (Treasury)¹ added that the support posts for the Under Secretaries and the Political Assistants had been mentioned in the relevant discussion paper for the Finance Committee.

Chapter XVIII : Health

18.1 At the invitation of the Chairman, Dr York CHOW, Secretary for Food and Health (SFH), briefed members on the major initiatives and expenditure on health-related services for the coming year (Appendices IV-16).

Health care reform

18.2 Miss TAM Heung-man considered that the crux of the problem in the provision of health care services in Hong Kong laid in the imbalance between the public and the private health care sectors, as there was excessive service demand for the former while the latter was operating far below its capacity. Pending the availability of long-term solutions in the healthcare reform, Miss TAM enquired what interim measures the Administration would take to tackle the problem.

18.3 SFH said that the Administration had been taking measures to improve the situation, and would strengthen its efforts to address the imbalance. To promote public-private partnership in the provision of health care services, the Administration was rolling out a number of programmes, such as the Cataract Surgeries Programme to enlist participation of private ophthalmologists to perform the surgeries, and the pilot scheme in the Tin Shui Wai North to purchase primary health care services for patients of chronic illnesses from local private doctors. The Administration would also launch the Health Care Voucher Scheme in 2009 to encourage the elderly to use private primary health care services. These measures would help increase the share of the private health care services in Hong Kong's health care system. Moreover, to ensure the provision of timely services to more needy patients, the Hospital Authority (HA) would continue to accord priority services and treatment to top priority patients in public clinics and hospitals.

18.4 Noting that the appropriation to HA in 2008-2009 would only be increased by 2.6% as compared with that of last year, Dr KWOK Ka-ki expressed concern about insufficient provision for enhancing the overall quality of medical services. As the Financial Secretary (FS) had committed to drawing \$50 billion from the fiscal reserves to assist implementation of the healthcare reform, Dr KWOK asked whether the Administration would allocate the provision for enhancing the quality of medical services, even if community consensus could not be reached on the reform proposals.

18.5 SFH responded that HA would implement a number of new initiatives and strengthen its existing services to enhance the overall quality of

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medical services in the next few years. As for the healthcare reform, he stressed the importance for all sectors of the community to discuss the reform proposals in a pragmatic and rational manner, so as to arrive at a consensus on the way forward. It was the Administration's intention to work out detailed recommendations based on the views received from the current public consultation for a stage two public consultation in 2009.

Supply of nurses

18.6 Noting that there was shortage in the supply of nurses in recent years, Miss TAM Heung-man enquired about the measures to be taken by the Administration to improve nursing manpower in 2008-2009. SFH responded that the Administration would provide some 400 training places for nurses in 2009. Besides, a provision of \$30 million would be allocated for providing on-going training for serving nurses.

18.7 Dr Fernando CHEUNG said that the welfare sector had also expressed concern about insufficient supply of nurses. He pointed out that according to a survey conducted by the Hong Kong Council of Social Service, the estimated shortage of nurses in 2008-2009 in non-governmental institutions would be about 900 registered nurses and 260 enrolled nurses. Given the less attractive working environment and promotion opportunities in these institutions, the latter had difficulty in recruiting and retaining nurses. As a result, these institutions had to rely heavily on health care assistants, thereby affecting the quality of services.

18.8 SFH said that about 500 to 600 nurses would graduate from local universities every year. Taking account of some 200 graduates from HA's nursing school and its bridging courses, and nurses returning to Hong Kong from overseas, there would be around 900 to 1 000 new nurses joining the service each year. SFH assured members that the Administration would continue to liaise with the academic institutions and HA to explore feasible ways to increase the intake of nursing students.

Non-accreditation of an associate degree course in nursing

18.9 Some members expressed grave concern about a recent incident (the incident) in which some 150 nursing students studying in a three-year associate degree course had failed to obtain professional accreditation from the Nursing

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Council of Hong Kong (the Nursing Council). Miss TAM Heung-man enquired about the reasons for rejecting the accreditation application of the institution concerned, and what measures the Administration would take to help the affected students. Ms Audrey EU queried why the Administration could have allowed a non-accredited course to continue in past years. Mr CHEUNG Man-kwong considered that the Administration and the Nursing Council should be held responsible for the unfortunate incident. He opined that the Administration should not have allowed the course to commence if it could not meet the accreditation criteria, and that the Nursing Council should have announced the rejection of the application much earlier. The incident had also revealed the lack of monitoring by the Administration on the operation of associate degree programmes. Mr CHEUNG queried why HA still provided placement in public hospitals for these students when the course was not recognized for accreditation. This would have misled the students to believe that the course was/would be recognized by HA. Mr LEE Wing-tat shared the view expressed by Mr CHEUNG. Dr Fernando CHEUNG opined that the Administration should have intervened earlier to protect the students' interests. Miss CHAN Yuen-han said that she was shocked to learn about the incident, as the Administration had repeated the same mistake made some years ago that some degree courses on Chinese Medicine were not recognized by the Chinese Medicine Practitioners Board, resulting in a large number of graduates wasting their time and money.

18.10 SFH said that the Administration was sympathetic to the affected students. He stressed that it was unfortunate that the institution had admitted students without having obtained the necessary professional accreditation. He was given to understand that the institution's application for accreditation in 2006 had been turned down by the Nursing Council. The institution's re-applications in the past two years were also rejected. There was a lot of correspondence between the Nursing Council and the institution on the matter, and the latter was well aware of the decision of rejection. However, some affected students claimed that they were not informed by the institution about the rejection of application by the Nursing Council. SFH considered that the institution and the Nursing Council should explain to the affected students, and the Administration would look into the matter and endeavour to help the students.

18.11 As regards the role of HA in the incident, the Chief Executive, HA (CE/HA) clarified that HA was not involved in running the course and it only provided placements for the students. Nevertheless, HA would work with the academic institutions and the Nursing Council to examine ways to help the

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affected students. SFH added that HA had been assisting various bodies in the provision of training courses and placements. The arrangement had nothing to do with professional accreditation for the courses.

18.12 Ms Emily LAU urged the Administration to assist the affected students. Ms LAU and Mr CHEUNG Man-kwong considered that the Administration had the responsibility to inform the public and students enrolled in nursing courses whether such courses had the required accreditation. Ms Audrey EU asked the Administration to look into the accreditation process, and inform the Legislative Council (LegCo) of the progress in following up the matter. SFH advised that the Administration would need to understand the incident first before working out possible ways to assist the students. The Chairman advised that members could follow up the matter at the relevant Panels.

Mental health services

18.13 Dr KWOK Ka-ki expressed concern that inadequate resources were provided for mental health services. With the reduction of 400 psychiatric beds in the past years, and increasing heavy workload of the medical social workers, Dr KWOK enquired what measures would be taken to improve the mental health services in the coming year.

18.14 CE/HA said that psychiatric service was a priority area in HA's resource allocation exercise for 2008-2009. He explained that the reduction of in-patient care service was in line with the global trend of shifting the focus of treatment for mental illness from in-patient care to community and ambulatory services in order to achieve more cost-effective treatment results. Recognizing the need to strengthen community psychiatric services in some districts, HA would introduce a number of new initiatives in 2008-2009, including a programme in Kowloon East (KE) region targeting at psychiatric patients at higher risk, i.e. those who were re-admitted to hospitals frequently.

18.15 Referring to the initiative to enhance the psychogeriatric outreach service for residential care homes for the elderly, Ms Audrey EU noted that there was a decrease in the number of psychiatric nurses in recent years, i.e. from 2 068 in 2005-2006 down to 2 045 in 2007-2008. However, as the Administration had planned to enhance the service to elderly homes by providing an additional 10 000 attendances in 2008-2009, she asked how the attendance target could be achieved with the reduction of nurses. Dr Joseph LEE also expressed concern that the

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estimated funding of \$8 million would not be adequate, as sufficient number of community psychiatric nurses would need to be recruited.

18.16 CE/HA advised that more than 40 psychiatric nurses would complete training in 2009, and this would alleviate the manpower shortage. To attract more prospective nurses to join the service, HA had completed a review of the pay structure of psychiatric nurses in 2007, under which a package of measures, including salary increase and other financial incentives, was recommended to help recruit and retain psychiatric nurses. As regards the resources for the outreach psychiatric programme for aged homes, CE/HA advised that the provision would be adequate, and both psychiatric doctors and nurses would be recruited.

Doctors' working hours

18.17 Dr KWOK Ka-ki observed that there were few initiatives in the Estimates of Expenditure to address the problem of long working hours of doctors. CE/HA responded that HA was keen to improve the working conditions of doctors. On the Doctor Work Reform, he said that HA had allocated \$12 million to tackle issues relating to the long working hours of doctors in 2007. As for the coming year, a total of \$77 million would be set aside for the purpose. The initiatives would involve the creation of 348 doctor posts of different streams and rankings. In the meantime, a new service model highlighting changes on night shift arrangements would be introduced, with a view to reducing the long working hours of doctors.

Waiting time for specialist services

18.18 Ms Emily LAU expressed concern about the long waiting time for specialist services at public hospitals, and urged for enhancing co-operation between the public and the private health care sectors. She asked whether the Administration would explore other specialist services, apart from the Cataract Surgeries Programme, for participation by the private health care sector.

18.19 SFH pointed out that cataract surgeries were relatively simple and the surgery cost was within a small range. HA had decided on the areas of co-operation with the private health care sector in 2008-2009, and would consider feasible projects beyond 2009 at a later stage. He agreed that it was not practicable to rely solely on the public health care sector to meet all service demand. In exploring further room for collaboration with the private health care

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sector, the Administration would need to assess the extent of readiness in the private sector in coping with the service demand. It would take some time to work out with the stakeholders further co-operation in this regard.

18.20 Mrs Selina CHOW asked about the waiting time under the Cataract Surgeries Programme. SFH advised that the Programme was launched in early 2008, and HA had invited all private ophthalmology specialists in Hong Kong to participate in the Programme. Priority was given to patients with the longest waiting time, and they could choose from a list of ophthalmology specialists to perform the surgeries for them. The Programme aimed at providing more choices for patients and reducing the long waiting time for the surgeries. It was a milestone in further developing the public-private partnership model in delivering health care services in Hong Kong.

18.21 Mr LEE Cheuk-yan noted that there was great disparity in the waiting time for specialist out-patient services in different regions. For ear, nose and throat services, the median waiting time for routine cases in Hong Kong West (HK West) was eight weeks, while that in New Territories West (NT West) was as long as 85 weeks. For pediatric cases, the median waiting time was one week in Kowloon Central and 20 weeks in NT West. As for medical cases, the waiting time was five weeks in HK West and 58 weeks in Kowloon East (KE). He noted that some patients therefore provided false addresses in order to obtain early consultation and treatment in regions with a short waiting time. Mr LEE asked whether such practice was permissible under HA's policy, and how HA would improve the long waiting time for specialist services in some districts.

18.22 CE/HA clarified that HA did not encourage such practice, although there was no policy restricting patients to seek treatment from public clinics and hospitals only within the regions they lived. He noticed that some patients preferred attending clinics near their workplaces. As regards the concern about the difference in waiting time for treatment in HA clusters, CE/HA said that HA was examining a new resource allocation model to rationalize the resources among clusters. He added that HA had implemented a "triage system" to categorize new cases into Priority 1, Priority 2 and Routine categories, and would constantly review the waiting time of all categories of cases to ensure that services and treatment would be provided to priority cases.

Health care services in New Territories West region

18.23 Dr KWOK Ka-ki and Dr Fernando CHEUNG expressed concern about inadequate resources for NT West region, which had the lowest ratios in the numbers of nurses, doctors and hospital beds for its population as compared to other regions. Given the present shortfall in services, they strongly urged the Administration to allocate more resources to the region for bringing the health care services to a reasonable level. Citing Tuen Mun Hospital as an example, Ms Emily LAU called on the Administration to step up efforts to improve the congested situation of and increase resources for NT West cluster.

18.24 CE/HA advised that HA had identified NT West cluster as a priority area for improvement. It had mapped out a number of initiatives to tackle the long-standing problems, and \$110 million had been earmarked to address inadequacy of services in the region. He assured members that HA would step up efforts to improve the services there.

18.25 Mrs Selina CHOW commented that the heavy caseload and low ratios of doctors and hospital beds in NT West region had created a vicious cycle, making it difficult to recruit/retain doctors and nurses in the region. CE/HA responded that he did not see a particularly high turnover rate of doctors and nurses in NT West region. However, its remoteness and less attractive working conditions as compared to other regions might have an impact on manpower retention.

18.26 Mrs Selina CHOW asked about the slow progress in the expansion in Pok Oi Hospital (POH). CE/HA admitted that only 200 out of the 600 beds originally planned for the hospital were in service. HA was currently studying ways to expedite opening the rest of the beds. Owing to geographic and other reasons, such as shortage of supply in professional health care personnel, it was not easy to attract doctors and nurses to serve in NT West. In taking forward the expansion project, HA was mindful of the need to take steps gradually in tandem with increase in supply of health care personnel, to prevent exerting pressure on the existing manpower position of other regions.

Resources for Kowloon East region

18.27 Mr Alan LEONG expressed grave concern about the shortage of health care services in KE region, especially the insufficient resources for United

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Christian Hospital (UCH). Noting that the Administration would implement a number of capital projects to improve services for the region, he queried why the earlier plan to build two new clinical buildings at UCH was not included. He enquired about details of the improvement initiatives in KE region, and the rationalization of resources across clusters.

18.28 SFH clarified that UCH had yet to finalize its plans, and the Administration would examine the details once the plans were available. As regards rationalization of resources across clusters, SFH said that HA was reviewing the re-distribution of existing resources across clusters.

18.29 On services improvement for KE region, CE/HA said that it involved some 12 to 13 initiatives amounting to \$50 million, including a major project to construct a Day Care Centre, \$8.2 million to expand the Ambulatory Surgery Centre in Tseung Kwan O Hospital, and \$3.9 million to improve breast cancer service at UCH. On members' request, CE/HA undertook to provide the breakdown on the \$50 million earmarked for improvement projects in KE region, and the relevant details for members' information after the meeting.

18.30 Echoing concern about the appalling situation in UCH, Mr Fred LI urged the Administration to increase resources for the hospital. He suggested converting the existing vacant premises in the hospital to specialist out-patient services clinics. As currently there was no oncology centre in KE region, he considered that the Administration should explore the feasibility of setting up a new centre there.

18.31 SFH re-iterated that there were plans to improve the services of UCH. On the provision of oncology centre, SFH said that at present there were already six oncology centres in Hong Kong. According to the original plan, the oncology centre at the Queen Elizabeth Hospital was also meant to look after patients from KE region.

18.32 Miss CHAN Yuen-han urged the Administration to increase resources for primary health care services in KE region as prevention was better than cure. In response, SFH advised that the current public consultation on healthcare reform attached great importance to the development of primary health care services. He assured members that where appropriate, additional resources would be allocated for implementing new initiatives in this regard.

Elderly health centres

18.33 Considering that elderly health centres were useful means to promote health care among the senior citizens, Mr LI Kwok-ying and Mr Fred LI expressed concern about the long waiting time for enrollment to these centres. Mr LI considered that more elderly health centres should be provided for areas, such as KE region, which had higher concentration of elderly population.

18.34 In response, SFH explained that elderly health centres were not cost-effective, and the service also overlapped the primary health care services. The Director of Health (D of Health) supplemented that it was estimated that a single health check at the elderly health centre would cost the tax payers \$1,000, and providing health checks for all aged people would require \$2 billion. The Administration had difficulties in meeting the huge demand for the service, and considered that promotion of primary health care services and the use of family doctors would be more viable options in the long run.

Health Care Voucher Scheme

18.35 Ms Emily LAU, Mr Andrew CHENG, Miss CHAN Yuen-han and Mrs Selina CHOW expressed great disappointment about the belated implementation of the Health Care Voucher Scheme which, according to the Administration, could only commence from 2009. They criticized the Administration for ignoring members' consensus to increase the yearly amount of the vouchers from \$250 to \$1,000. Miss CHAN Yuen-han and Mrs Selina CHOW considered that the Administration should not wait until three years to undertake the full review of the implementation of the Scheme.

18.36 SFH explained that the Administration had to design a new computer system for rolling out the Scheme. This would take some time because many Chinese medical practitioners, whom the elderly usually sought service from, did not have computers in their clinics. To ensure fair competition among medical practitioners in different fields, the Administration would need to consult the concerned parties to address their difficulties before implementing the Scheme. On the timing for undertaking a review of the Scheme, SFH clarified that an interim review to fine-tune the arrangements would be conducted in the light of operational experience. A full review would be taken after the three-year trial period, in order to fully assess the effectiveness of the Scheme and identify areas for improvement. If the Scheme worked well, the Administration would consider providing more resources to increase the number and amount of the vouchers.

Vaccination programme for children and the elderly against influenza

18.37 Mr Andrew CHENG enquired whether the Administration had formulated a policy providing free vaccination service against influenza for children and the elderly, and whether resources were provided in this regard.

18.38 D of Health advised members that a Scientific Committee under the Centre for Health Protection was considering the matter and would soon come up with a recommendation. The Committee would study the merits and demerits of the vaccination, the possible side-effects to children and the elderly after vaccination, availability of vaccines in the market, possibility of enlisting private doctors for providing the service, and other implementation details. The Administration would seek funding from the Finance Committee once a decision was taken.

Telephone booking system for general out-patient clinics

18.39 Mr WONG Kwok-hing expressed strong dissatisfaction about HA's telephone booking system for appointments at general out-patient clinics, as the system was not user-friendly to the elderly. Mr WONG urged the Administration to consider establishing a designated telephone line manned by operators to provide appointment service for the elderly.

18.40 CE/HA responded that HA had improved the telephone booking system in 2007 to simplify the operation of the system and enhance its user-friendliness. The improvements had resulted in increased use of the system. HA currently had no plan to engage operators to man the system, but would continue to keep the service under review to identify areas for further improvement.

Dental service

18.41 In view of the sound financial position of the Government, Mr WONG Kwok-hing requested the Administration to consider expanding the dental care service for primary school students to cover secondary students and other sectors of the community.

18.42 SFH advised that the public dental service mainly covered emergency dental treatment for the public, dental care service for civil servants and the

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School Dental Care Service for primary students. He agreed that the policy required a review. At present, the Administration had no plan to add new resources for dental care service in 2008-2009. The need for expanding the Government's dental care service would be examined in the light of service demand and the availability of private dental care service.

Anti-smoking campaigns

18.43 Mr Andrew CHENG pointed out that some countries, such as Singapore, had been conducting studies on their anti-smoking policies, including the need for introducing changes to tobacco taxes, in the light of increasing expenditure for treatment of smoking-induced illnesses and other social costs associated with smoking. He was disappointed that the Administration did not undertake any such studies. Mr CHENG also expressed concern about the decrease in expenditure on anti-smoking campaigns. He asked about the Administration's efforts in promoting anti-smoking in Hong Kong, especially among the youth. In his view, there was room for the Administration to consider increasing tobacco tax in 2008-2009 to achieve more effective results in anti-smoking. SFH responded that he had discussed with FS the need to review tobacco tax as a means to promote anti-smoking, and its impact on the society when formulating the 2008-2009 Budget.

18.44 In response to Mr LI Kwok-ying's enquiry about the interactive education theatre programme launched by the Hong Kong Council on Smoking and Health (HKCSH), D of Health explained that the programme was one of the initiatives taken by HKCSH in promoting anti-smoking among students by staging plays and drama for students at schools. The response to the programme had been very encouraging. He added that HKCSH adopted a more focused and direct approach in bringing the anti-smoking message to target groups, while the Tobacco Control Office concentrated on publicity and education programmes for the general public.

Child care services

18.45 Mr LI Kwok-ying noted that information on child health services for newborns was provided in the postnatal wards of public hospitals, and on the website of Department of Health. As the newborns of non-resident parents would usually leave Hong Kong soon after birth, Mr LI suggested that pamphlets providing information on child health services should be distributed at border

control points. In response, SFH said that the information on child health services was provided to non-resident parents, and all newborns received the same services when they were in Hong Kong. For those newborns who left Hong Kong soon after birth, he understood that their parents would seek health care services at their place of residence.

Medical services in Tung Chung and Tin Shui Wai

18.46 Mr Albert CHAN enquired about the progress of long-term and interim measures for improving health care services in Tung Chung and Tin Shui Wai.

18.47 SFH advised members that the Administration had already identified a suitable site at Tung Chung for construction of the North Lantau Hospital. The Administration would strengthen the evening general out-patient clinic service for local residents in the interim. As for the proposed Tin Shui Wai Hospital, the Administration had identified two sites for further assessment. It was estimated that the Tin Shui Wai Hospital could start operation within 10 years, as work, including compliance with necessary statutory procedures and environmental protection requirements, would take time. Regarding interim improvement measures, SFH advised that the new general out-patient clinic for Tin Shui Wai North was expected to commence service by 2011-2012. Moreover, POH extension project was meant to cover Tin Shui Wai within its catchment area. CE/HA supplemented that HA was exploring ways to improve the visiting specialist services in Tung Chung. The Tin Shui Wai Purchase of Primary Care Pilot Project would be launched shortly to improve primary health care services for local residents in Tin Shui Wai North. In this connection, Mr Albert CHAN urged the Administration to adopt a flexible approach in implementing the two hospital projects, such as adopting a "design-and-build" model, with a view to expediting the progress.

Ethnic minorities

18.48 Noting that patients of ethnic minor groups sometimes encountered language problem when seeking medical services at public out-patient clinics and hospitals, Mr SIN Chung-kai enquired about measures to be taken to improve interpretation service for these patients, and the estimated provision involved. CE/HA said that HA was considering possible measures to accommodate the need of these patients. He said that a number of service models were available in

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other places for providing interpretation service for ethnic minor groups, and HA was assessing the models to identify the most suitable one for Hong Kong. SFH supplemented that the Administration was strengthening services to ethnic minor groups at all fronts. At present, interpretation service was provided at public hospitals and clinics to patients of ethnic minor groups, if necessary, by tapping on the pool of interpreters hired by the courts. In this connection, Mr SIN noted that some court interpreters were not willing to provide service at public hospitals. He opined that HA should explore the feasibility of appointing designated interpreters to provide the service at public hospitals and clinics.

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19.1 At the Chairman's invitation, Mrs Carrie LAM, Secretary for Development (SDEV), briefed members on the major initiatives and expenditure on the policy area of works for the coming year (Appendix IV-17).

Expediting infrastructure projects

19.2 Mr WONG Kwok-hing and Mr LEE Cheuk-yan asked when the Administration would be able to fully utilize the \$29 billion earmarked for infrastructure projects so as to create more employment opportunities in the local construction industry. Prof Patrick LAU also expressed concern about the Administration's failure to meet the expenditure target of \$29 billion, and asked whether the under-expenditure was caused by manpower problem. He referred to the recent overseas duty visit undertaken by the Panel on Development to Amsterdam where non-governmental organizations (NGOs) were engaged to conduct public consultation on development projects on behalf of the government. He suggested the Administration to adopt this approach to facilitate the implementation of infrastructure projects. On staffing support, he asked whether any non-civil service contract posts would be converted to civil service posts to help cope with the works projects. Mr LEE Cheuk-yan said that he could not understand why the implementation of some works projects, such as the clinic in Area 109 of Tin Shui Wai, was so slow.

19.3 In reply, SDEV advised that while the rise in expenditure for the year 2008-2009 might still fall short of members' expectation to some extent, she envisaged that the trend of increasing expenditure would continue in the next few years. The \$29 billion was the amount of funding set aside on average for expenditure on capital works each year. While the actual expenditure for a certain year would depend on the progress of approved projects and their respective cash flow requirements, the expenditure for a certain year would not be capped at \$29 billion. Over the past 15 years, there were four years in which the actual expenditure on infrastructure projects had exceeded \$29 billion. Apart from the 10 major infrastructure projects, other works projects of a smaller scale would also increase the expenditure in works projects and new initiatives, such as the proposed Building Maintenance Grant Scheme for Elderly Owners, would help create employment opportunities. The number of works items approved by the Public Works Subcommittee (PWSC) could serve as an indicator of the expenditure. Up to 31 March 2008, PWSC had already approved 45 works items at a total estimated expenditure of \$27.6 billion. As for staffing, the

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Development Bureau would assess its needs each year and take into account those initiatives, such as extensive public engagement, which required substantial human resources. The provisions for 2008-2009 were adequate and 92 non-civil service contract posts would be converted into civil service posts. She welcomed the idea of drawing reference from overseas places in conducting public consultation. The Administration had in fact commissioned academic institutions to conduct some surveys and fora on its behalf.

19.4 The Permanent Secretary for Development (Works) (PS(W)) added that the Administration would request holding additional PWSC meetings in the current session to consider 45 to 48 works items at a total estimated expenditure of some \$18 billion. Many works projects were already in the pipeline. For works items relating to replacement and rehabilitation of water mains, the Director of Water Supplies said that an average of some 15 kilometres of water mains would be replaced or rehabilitated each month. Works for Stage 3 and design for Stage 4 would also commence in this fiscal year. In carrying out replacement and rehabilitation of water mains, the Administration had to take into account the impact of the works on various aspects, such as traffic, in the affected areas. As regards the timing for the implementation of the clinic in Area 109 of Tin Shui Wai, the Director of Architectural Services said that it would hinge on the Hospital Authority's time-table.

19.5 Miss TAM Heung-man considered that many of the 10 major infrastructure projects were still at the study stage. She urged the Administration to shorten the lead time for works projects so as to maintain Hong Kong's competitiveness and provide more employment opportunities for local construction workers, as many of them currently had to find work in Macao.

19.6 In reply, SDEV said that the required time for taking forward works projects would depend on the time needed to resolve planning and legal issues, such as objections and judicial reviews. For example, the Central-Wan Chai Bypass and Wan Chai Development Phase II projects, with a total estimated cost of \$24 billion, originally scheduled for PWSC's approval within the current session but could not proceed as planned because the Administration lost the lawsuit. Nevertheless, the Administration had introduced measures to shorten the time required for the pre-construction stage of works projects. With these measures, the time for medium- and-small scale projects would be shortened from 45 to 40 months and 21 to 19 months respectively. In addition, the Finance

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Committee had approved to raise the financial limit for Category D works projects from \$15 million to \$21 million, and this would expedite the implementation of those works projects.

19.7 Ir Dr Raymond HO commended the Administration for its efforts in implementing more works projects and expediting their progress. He said that PWSC would schedule additional meetings to consider the Administration's works proposals. He urged the Administration to continue with its efforts, and suggested the Administration to conduct public consultation earlier to facilitate the planning process and enhance acceptability of works projects. He considered it regrettable that the implementation of the Central-Wan Chai Bypass and Wan Chai Development Phase II was affected by a judicial review. The need for temporary reclamation was pointed out in the Administration's papers provided to the relevant Panel in May 2007. As for the implementation of New Development Areas, he asked whether the works could be expedited. In relation to the development of the Lok Ma Chau Loop, he commented that as the project would involve the Shenzhen authorities and many complicated issues, the Administration should start preparatory works as early as possible.

19.8 In response, SDEV said that as residents would only start to move into the New Development Areas by 2019, there was no urgency to carry out the works at present. Nevertheless, the Administration would submit funding proposals for planning and engineering studies as early as possible. As regards the future development of the Lok Ma Chau Loop, the project was already under discussion with the Shenzhen authorities and consultation had started.

19.9 Mr Albert CHAN suggested that the Administration should prepare a priority list of infrastructure projects, so that alternative projects could be implemented when some original projects could not be implemented as scheduled. Such contingency plans would enable better utilization of the earmarked provision for infrastructure projects and facilitate their early delivery. He pointed out that many works projects, such as hospitals in Tin Shui Wai and Tung Chung, the Ecological Park (Tso Kung Tam Valley) in Tsuen Wan, cycle tracks and greening works, should be expedited. He urged the Administration to be more flexible, and consider engaging the private sector to implement some of these projects.

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19.10 PS(W) responded that three out of the 45 works projects approved by PWSC were already items on the reserve list. Some projects to be submitted to PWSC later were also reserve items. Quite a number of projects were already in Category B and would be upgraded to Category A after completing the necessary procedure. SDEV added that drawing up a reserve list would be more practicable for minor works projects funded under the Capital Works Reserve Fund Block Allocations. For major infrastructure projects, there were statutory requirements which had to be complied with, for example, environmental impact assessment would have to be carried out within a specific period of time. As regards engaging outside professionals to expedite the process, she said that the Administration had been adopting the practice where appropriate.

19.11 Mrs Selina CHOW queried whether the works projects implemented by the Administration were completed in a fast and efficient manner. She commented that the private sector could complete works projects much faster than the Government. She asked whether consideration would be given to setting up an award scheme to commend contractors who could complete the works earlier than the scheduled time.

19.12 PS(W) replied that works projects were generally completed on schedule. The works projects would be expedited as far as practicable, for example, works would be carried out at night if allowed under the Environmental Permit. The Administration had no plan to introduce an award scheme, but the past performance of contractors would be taken into account in awarding tenders.

19.13 Miss CHAN Yuen-han asked whether apart from the Tamar Development Project, the requirement for some pre-fabricated construction structural elements to be manufactured in Hong Kong would also apply to other works projects, so as to create more employment opportunities for local construction workers.

19.14 SDEV advised that the Administration had to comply with requirements of the World Trade Organization Agreement on Government Procurement in providing fair and just competition. The overall employment situation in the construction industry had improved, and the unemployment rate in the industry had decreased from a peak of 19% to the latest 6%. With the launching of more infrastructure projects in the coming year, there was also a concern about adequate supply of construction workers. The Director of

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Architectural Services added that while some construction structural elements, such as pillars for the Tamar Development Project, were to be manufactured in Hong Kong, there were no such arrangements for other works projects.

19.15 Mr Abraham SHEK was unconvinced that the Administration had endeavoured to fully utilize the \$29 billion for works projects. He disagreed that there was a shortage of construction workers, and pointed out that the employment situation in the construction industry was not as good as the Administration had claimed to be. As many construction workers had gone to work in Macao, the unemployment rate in the industry would soar again if they returned to work in Hong Kong. He considered that the Administration should introduce measures to facilitate and expedite works projects in both the public and the private sectors, for example, by streamlining the approval process for land use applications.

19.16 In response, SDEV explained that some major works projects could not be implemented as scheduled due to various reasons. Although many major projects, such as the Airport core projects and Penny Bay project, had been completed and some major projects had yet to start, there were still many works projects of small and medium scales that would be implemented.

Greening

19.17 Mr WONG Kwok-hing asked when the Administration would develop and implement the Greening Master Plans (GMPs) in the New Territories. He considered that greening measures could be implemented in the New Territories in parallel with greening projects in the urban areas.

19.18 The Director of Civil Engineering and Development (DCED) advised that the development and implementation of GMPs required comprehensive planning. As devising GMPs required special expertise and greening works were usually labour-intensive, the development and implementation of GMPs in the New Territories would be constrained by resources. He further advised that realization of greening objectives would require persistent policy determination and long-term effort. The Administration's original plan was to develop and implement GMPs in the New Territories starting from 2010. The Administration would strive to advance the time-table to mid-2009.

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19.19 Miss CHOY So-yuk expressed concern about the progress of vertical greening for footbridges. She considered that the Administration should make reference to the Guangzhou experience in this regard.

19.20 In reply, the Director of Highways said that the Administration had made reference to experience in various places in carrying out greening works. He had visited Guangzhou and knew about its greening measures. DCED added that vertical greening would be considered on existing footbridges where possible, while a set of guidelines had been devised for carrying out vertical greening on new flyovers and footbridges.

Conservation of heritage buildings

19.21 Miss CHAN Yuen-han commented that the use of some historic buildings for commercial activities might not be the most desirable arrangement for revitalization of historic buildings, because the operators might not maintain these buildings properly. The Administration should consider taking back these historic buildings and engaging NGOs to revitalize them.

19.22 In reply, SDEV said that the Administration was inviting non-profit making organizations to participate in a partnership scheme to revitalize the first batch of Government historic buildings. The Administration would not preclude adopting a multi-pronged approach in revitalizing Government historic buildings in future, and the partners would not necessarily be non-profit making organizations.

19.23 Miss TAM Heung-man asked whether the Administration would introduce measures to prevent incidents similar to the King Yin Lei incident from happening again in future.

19.24 SDEV advised that the Legislative Council (LegCo) Panel on Home Affairs had in-depth discussion on issues related to the conservation of King Yin Lei. It was a matter of grading of historic buildings rather than a building safety issue. The Administration aimed at expediting the grading of about 1 400 historic buildings and having this completed by the end of 2008.

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19.25 Miss CHOY So-yuk commended SDEV for her efforts in the conservation of King Yin Lei and seven other Government historic buildings. She however considered that there were still shortcomings in the heritage conservation policy, as reflected by the demolition of the Star Ferry Pier and Queen's Pier, and the withdrawal of declaration of the "Jessville" as a proposed monument. She considered that the Administration had not seriously taken on board the views of Members.

19.26 SDEV responded that the demolition of the Star Ferry Pier and Queen's Pier was necessary not only for the construction of the Central-Wan Chai Bypass, but also for Road P2. Works for the latter would continue to proceed because Road P2 was not the subject of any judicial review. As for the "Jessville", the Administration had provided a detailed explanation to relevant LegCo committees. She pointed out that declaration of monuments should be based on expert advice and should not be subject to undue pressure, such as threats of demolition.

19.27 Mr Abraham SHEK commented that heritage conservation should not be used indiscriminately as a reason to hinder works projects. He considered that the Administration's consultation work on the conservation of the former Central Police Station Compound was genuine and solid.

19.28 SDEV responded that the Administration would endeavour to achieve community consensus on the conservation of the former Central Police Station Compound through public participation so as to create a balanced conservation plan.

19.29 Mr Alan LEONG enquired about the specific policies and actions which the Administration would implement to enhance the degree of public engagement in heritage conservation, and the resources allocated for this purpose. He said that the Administration should abandon its piecemeal approach in heritage conservation and formulate a comprehensive policy with objective criteria.

19.30 In reply, SDEV said that the Administration had set out its policy in a statement and its guiding principles on heritage conservation. Specific measures to enhance public engagement included initiatives, such as co-operating with professional bodies in conducting research, organizing open days and formulating revitalization plans through design competitions. Four civil servants and other

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non-civil service contract staff would be provided in the newly established Commissioner for Heritage's Office to undertake the various initiatives, including the scheme to partner with non-governmental bodies to revitalize historic buildings. The design and staffing of the Office had taken account of an intention to create a statutory non-governmental body to implement heritage conservation down the road, as in some overseas places. There would be an increase of 138.3% in provisions for heritage conservation in 2008-09.

19.31 Ms Miriam LAU queried whether there were sufficient economic incentives for interested organizations to participate in the conservation of heritage buildings, because the average provisions for maintaining historic buildings were far from adequate.

19.32 SDEV clarified that provisions for maintaining and restoring heritage buildings were not limited to those provided under the recurrent expenditure account. The Administration would make additional provisions from time to time to implement specific conservation projects. In addition, maintenance of heritage buildings, which were still in use for public services, would be funded by the relevant bureaux, such as historic school buildings by the Education Bureau. There would be new initiatives for assisting the maintenance of private heritage buildings. Although the estimated expenditures for 2008-2009 were not high, the budget for future years would increase in light of experience. The Director of Leisure and Cultural Services added that an average figure would not be indicative of the Administration's commitments in heritage conservation, because the provisions for each heritage conservation project would vary.

Nullah decking and rehabilitation

19.33 Mr SIN Chung-kai enquired about the Administration's policy in nullah treatment. As water bodies could reduce the heat island effect, he considered that the ideal solution was to clean up and beautify nullahs rather than decking over them. The Administration could even consider restoring the decked-over nullahs to their original conditions, like what had been done in the Cheonggyecheon restoration project in South Korea.

19.34 In reply, SDEV said that the Administration's policy on sustainable development was clear. Despite a stated policy and programme to deckover 16 nullahs, the Administration was prepared to re-examine alternatives where justified, such as the Kai Tak Nullah. The Wong Tai Sin District Council had a

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clear consensus on partly decking-over the Kai Tai Nullah. There were objective criteria for decking over a nullah based on its odour, water quality, aesthetics and views of the local community. The Administration would see if the beautification works for the Yuen Long Town Nullah were satisfactory and then decide whether to adopt a similar approach for other nullahs. The Director of Drainage Services added that the Rambler Crest Nullah in Tsing Yi was also planned to be rehabilitated and not decked-over. Storm water drainage capacity would be one of the considerations in deciding whether to deck-over a certain nullah.

Chapter XX : Planning and Lands

20.1 At the Chairman's invitation, Mrs Carrie LAM, Secretary for Development (SDEV), briefed members on the major initiatives and expenditure on the policy area of planning and lands for the coming year (Appendix IV-18).

Land administration

20.2 Mr Alan LEONG asked whether there were any differences between the two lists of private developments containing public facilities compiled by the Lands Department (LanD) and the Buildings Department (BD). He also asked whether the Administration would consider promulgating guidelines on the use of public space so as to allow the public to understand what behaviours and activities were considered acceptable. Expressing similar concerns, Ms Audrey EU queried whether BD had conducted sufficient inspections to monitor compliance with the deeds of dedication, since only four cases of non-compliance had been detected.

20.3 In reply, SDEV said that there were no differences between the two lists as far as the public's accessibility to these facilities was concerned. In BD's list concerning deed of dedication, bonus gross floor area was provided to compensate developers for the dedication of private land for public use. There were generally no such arrangements for those private developments in LanD's list. As for the public space managed by the Leisure and Cultural Services Department, their use was governed by the relevant bylaws. The suggestion of promulgating guidelines on the use of public space in private developments would require careful consideration, and further legal research in view of the impact on the large number of small property owners who might need to incur extra costs to maintain the open space in private developments. The number of inspections carried out by BD in 2006 and 2007 was 480, which was considered an acceptable figure. The Director of Buildings (DB) added that the 79 private developments in BD's list mainly involved public passage, and the five cases of non-compliance involved unauthorized structures causing some obstruction to public passage.

20.4 Referring to the Director of Audit's criticism about LanD's deficiencies in the administration of short-term tenancies, Miss TAM Heung-man asked what measures LanD would take to step up enforcement against illegal occupation of Government land.

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20.5 The Director of Lands (D of L) responded that the Administration had provided information on the measures adopted by LanD to step up administration of short-term tenancy to the Panel on Development. As there were more than 4 000 short-term tenancies, there were practical difficulties in carrying out frequent inspections on each one of them. The Administration was now reviewing the approach in dealing with breaches of the terms and conditions of the tenancies, and some 60% of the non-compliance cases in 2007 had already been dealt with. The Administration was outsourcing some of the inspection work on a trial basis so as to step up inspection work.

Development of hotels and logistics industries

20.6 Mr James TIEN asked whether the Administration would designate more land in the New Development Areas (NDAs) for hotel developments, because there were many tourist spots in the Northeast New Territories. He expressed support for the Administration's measures to expedite the processing of lease modification and land exchange applications. Nevertheless, he was worried that the Administration might not be able to achieve a 10% reduction in the processing time of cases under the pilot scheme. In this regard, he asked whether the Administration would provide one-stop service to expedite hotel development applications.

20.7 In reply, SDEV said that the Administration would consider the feasibility for hotel developments in NDAs. Nevertheless, as residents of NDAs would not move in before 2019, hotel developments in NDAs could not meet present tourism needs. As regards measures to expedite the processing of lease modification and land exchange applications, D of L said that the Administration was implementing a pilot scheme to explore the possibility of streamlining the procedures. Eight staff members had been deployed to work on the dedicated team. Various measures, such as centralizing premium assessment, enhancing co-ordination among different departments, improving communication with developers and holding without prejudice meetings, had been introduced. While LanD would help provide a one-stop service as far as practicable, meetings between developers and individual departments would still be necessary under certain circumstances.

20.8 Ms Miriam LAU considered that the Administration should designate more suitable land for the transport and logistics industries because development of the industries would be beneficial to Hong Kong's economy. Without

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adequate sites for their operation, transport and logistics operators would shift their business to other places. In this regard, she asked whether the Administration would take into account the needs of the industries in its land use planning, and consider allocating the 80 hectare of land to be let by short-term tenancies for use by the transport and logistics industries.

20.9 In reply, the Director of Planning (D of Plan) said that some 300 hectares of land would be made available for use by the logistics industry, and operators could make applications to the Town Planning Board (TPB) in this regard. Sites near Kwai Chung and Tsing Yi had also been designated for use by the industry in the long run. D of L said that while long-term land use planning was undertaken by the Planning Department, LanD would consult relevant bureaux and departments, and identify suitable sites for use by the logistics industry in the form of short-term tenancies. However, some sites might not be suitable for short-term use if substantial development costs were involved. SDEV added that the Development Bureau (DEVB) and the Transport and Housing Bureau would follow up the concerns raised by Ms Miriam LAU.

Closed Area

20.10 Mr WONG Kwok-hing considered that the pace and scale of development of Shenzhen in areas near the Lok Ma Chau Loop (the Loop) was much faster than that of Hong Kong. He enquired about the progress of the development of the Closed Area, and the relevant consultancy and feasibility studies. He also asked whether additional staffing would be required in this regard.

20.11 In reply, SDEV said that the development of the Loop was one of the 10 major infrastructure projects. The Hong Kong-Shenzhen Joint Task Force on Boundary District Development had been set up, and the first meeting was held in March 2008. A comprehensive study on the land use planning, detailed environmental impact assessment and engineering feasibility for the Loop would commence, and academic institutions would be appointed to collect views to provide a basis for the forthcoming study. Sustainable development taking conservation into account would be more preferable to high density development. As for staffing, the existing establishment would be able to cope with the work. The Security Bureau would take the lead in the policy aspects regarding opening up of the Closed Area. D of Plan added that the Land Use Planning for the Closed Area - Feasibility Study would be completed in mid-2009.

Urban renewal

20.12 Miss CHAN Yuen-han considered that the Urban Renewal Authority (URA) was no different from developers in that it operated on commercial principles and cost-recovery basis. She was of the view that the arrangement of making acquisition offers after completion of the statutory planning process was unsatisfactory, and that the Administration had failed to give due regard to private property rights in urban renewal. She asked whether the Administration would formulate measures to enable affected residents to move back to their original community after redevelopment.

20.13 In reply, SDEV said that the Administration was discussing with URA on the most appropriate approach for conducting a review of the Urban Renewal Strategy (URS), which should cover the issues raised by Miss CHAN Yuen-han. The review, which would involve several stages, including an envisioning stage, would not affect URA's on-going projects and would be launched before the end of the current legislative session. DEVB would take the lead in the review and URA would provide the necessary manpower and administrative support.

20.14 Noting this, Mrs Anson CHAN asked whether the Administration would engage the public in the review process.

20.15 SDEV responded that the review of URS would cover a wide scope and the review process would be as transparent as possible. The Administration might entrust non-governmental organizations to undertake the public engagement work for the review.

20.16 In response to Dr KWOK Ka-ki's comment, SDEV said that the review should not proceed hurriedly at the expense of sufficient public participation.

Harbourfront enhancement

20.17 Dr KWOK Ka-ki was dissatisfied that the Urban Design Study for the New Central Harbourfront Stage 2 Public Engagement had started before the Administration had reported the Stage 1 findings. On the Administration's proposed design of the new Central harbourfront, he criticized that except for the groundscraper, the design was essentially no different from the previous one. He

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expressed concern that the Administration had not allocated sufficient resources for the protection and enhancement of harbourfront areas. Noting that a provision of \$5 million had been earmarked for the activities of the Harbour-front Enhancement Committee, he considered the provision far from adequate and asked whether the Administration would allocate more resources in this regard. He further pointed out that enhancement works could have been carried out at some of the harbourfront sites in Kennedy Town.

20.18 SDEV advised that the \$5 million earmarked for the Harbour-front Enhancement Committee did not include provisions for enhancement works projects, which would be implemented under the project votes of the relevant departments. Enhancement works below \$21 million could be implemented as Category D works items. The Administration would carry out enhancement works as far as possible and the pet garden in the temporary Wan Chai promenade was very well received. She appealed to members' support for the Administration's proposal of implementing enhancement works along the Kwun Tong and Cha Kwo Ling harbourfront. She explained that some harbourfront sites in Kennedy Town were reserved as works sites for the Mass Transit Railway West Island Line, and it would not be cost-effective to implement short-term enhancement works there at present.

20.19 Ms Audrey EU remarked that the Administration should not use the lack of suitable locations as an excuse for not carrying out harbourfront enhancement works.

Town Planning Board meetings

20.20 Mr SIN Chung-kai considered that there should be real time audio broadcasting or audio recording of open meetings of Town Planning Board (TPB) and documents should be uploaded onto its website for access by the public. Technical difficulties should not be used as an excuse, because Legislative Council (LegCo) had similar arrangements.

20.21 D of Plan advised that there would be difficulties in uploading meeting documents, because some of them were voluminous or available in hard copy format only. At present, about 20 to 30 members of the public watched each TPB meeting, and the existing arrangements could cope with the demand. If there was great demand for public viewing in future, consideration could be given to arranging web broadcasting for open meetings. In fact, the public could

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also learn about major planning cases discussed at open meetings of TPB through the media.

20.22 Mr SIN Chung-kai considered that those documents with digital copies should be uploaded. In reply, the Permanent Secretary for Development (Planning and Lands) (PS(PL)) said that consideration could be given to uploading audio recording and relevant documents of TPB on the web.

Development projects

20.23 Ms Audrey EU sought explanation on the slow progress in reviewing the development projects above the Mass Transit Railway Yuen Long and Nam Cheong Stations. SDEV advised that the review had been conducted and the negotiation was complicated, because reducing the development density would affect financial viability of the projects. The two approved developments were projects of the former Kowloon-Canton Railway Corporation, and many financial considerations were involved in the review.

20.24 Mr Frederick FUNG was concerned that financial returns were the major consideration in reviewing the two development projects. He asked whether the Government or MTR Corporation Limited (MTRCL) had the final say on how the development plans should be amended, and whether the relevant District Councils would be consulted. SDEV responded that financial viability was one of the considerations. The Government would be responsible for the development projects and MTRCL would be the Government's agent. The relevant District Councils would be consulted before finalizing the amended development plans.

20.25 Miss CHOY So-yuk enquired about the timing for the Administration to review the planning parameters for the Central and Western districts. PS(PL) advised that proposed amendments to the relevant Outline Zoning Plan for setting height limits had been gazetted. The Administration would continue with its work on setting parameters for controlling development density in future.

Buildings

20.26 Mr Frederick FUNG asked whether the Administration would use robots to help detect water seepage in buildings. In reply, DB said that the Administration adopted different methods for testing water seepage. Robots

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would mainly be used for inspecting pipes with a large diameter, especially drainage pipes with a diameter of 200 millimetre or above. As in-house water pipes usually had a diameter of 25mm or less, robots could not be used for testing water seepage in this regard.

20.27 Miss CHOY So-yuk enquired about the timing for implementing the Building Maintenance Grant Scheme for Elderly Owners, and the amount of the grant. PS(PL) advised that the Administration planned to submit the funding proposal to the Finance Committee by the end of April 2008, aiming at implementation around May 2008. The grant would be capped at \$40,000 for each eligible elderly owner-occupier.

Other issues

20.28 Ms Audrey EU asked about the increase in the number of trees felled in 2007-2008. D of L explained that more applications for tree felling were received in 2007-2008, and tree felling was allowed only with the approval of LanD or the Agriculture, Fisheries and Conservation Department (AFCD).

20.29 Miss CHOY So-yuk considered that trees on the Old and Valuable Trees Register should be well protected and should not be felled. In this regard, she asked whether the Administration would introduce legislative measures to disallow the felling of trees on the Register. D of L responded that the Administration had been careful in approving applications for tree felling, and experts in the Leisure and Cultural Services Department and AFCD were consulted before granting such approval. There was no plan to introduce legislative measures to disallow the felling of trees on the Register, which would be updated from time to time.

20.30 In relation to conservation zones, Miss CHOY So-yuk asked whether the Administration would consider transfer of plot ratio for conservation zones in the New Territories. SDEV advised that the Environment Bureau was responsible for policies relating to conservation zones, and TPB would also need to consider the development density proposed for the transfer in each case.

20.31 Mr Abraham SHEK asked whether the Administration would provide one-stop service to facilitate real estates developments. He asked whether the proposed increase of 23 staff members in DEVB would be sufficient to meet the service demand. SDEV advised that as real estates developments involved a

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number of government departments, it was not possible to identify a core department to provide the one-stop service. The proposed staff increase for DEVB in 2008-2009 was considered appropriate.

20.32 In response to Mr Frederick FUNG's comment that heritage conservation in European countries was more community-oriented, SDEV said that the Administration's conservation policy was community-oriented, as demonstrated by the conservation of the Blue House in Wan Chai.

20.33 Miss TAM Heung-man asked whether the Administration would make provisions for purchasing private heritage buildings so as to ensure that they would be properly conserved. SDEV advised that the approach was non-sustainable and would only be used as a last resort.

Chapter XXI : Environment

21.1 At the Chairman's invitation, Mr Edward YAU, Secretary for the Environment (SEN), briefed members on the main initiatives of the programmes under the Policy Area: Environment (Appendix IV-19).

Waste management

21.2 Mr WONG Kwok-hing said that the launching of digital broadcasting had resulted in a large number of old television sets replaced by digital terrestrial televisions, giving rise to problems of their disposal. More efforts were needed to encourage the recycling of used television sets and other electric appliances. SEN said that the Product Eco-responsibility Bill (the PER Bill), which was currently under scrutiny by the Legislative Council, aimed at providing a legal framework for implementing producer responsibility schemes (PRSs) in Hong Kong, with environmental levy on plastic shopping bags as the first PRS under the Bill. Promotion the recycling of used electrical and electronic equipment was also one of the purposes of the Bill. Based on current statistics, about 80% of the used electrical and electronic equipment were being recycled or reused. While there had not been a significant increase in the number of used television sets being disposed of following the launching of digital broadcasting, consumers were requested to make efforts to reuse and recycle them as far as practicable. The Administration had been enlisting the assistance of non-profit making organizations in the recycling of used electrical and electronic equipment, and exploring the feasibility of developing the recycling activities as social enterprises, which would not only help reduce waste but also create job opportunities. Meanwhile, suppliers of electrical and electronic equipment were encouraged to recycle used equipment under a voluntary scheme. The Administration would decide what further actions would be taken to encourage waste recycling based on the outcome of the voluntary scheme.

21.3 Miss CHAN Yuen-han said that as a member of the Bills Committee on PER Bill, she was supportive of the environmental levy on plastic shopping bags but was concerned about the absence of recycling measures. While the community was prepared to participate in waste recycling, there were no supporting legislation or policies to facilitate implementation. She considered that Hong Kong had lagged far behind other countries in waste recycling. SEN said that the PER Bill would provide the legal framework to implement PRS based on the polluter-pays principle. It would aim at the three Rs, namely the reduction, reuse and recycling of waste materials. He hoped that the scrutiny of the PER Bill could be completed within the current legislative session so that the

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PRS on plastic shopping bags could be implemented as a start, to be followed by other PRSs on other products, such as waste tyres and electrical and electronic equipment.

21.4 Ms Audrey EU shared the concern about the need to promote waste recycling. While she was supportive of the environmental levy on plastic shopping bags under the PER Bill, she considered it necessary that part of the levy collected should be used to provide financial incentives for both prescribed retailers and consumers to facilitate the recycling of used plastic shopping bags. SEN said that public consultation prior to the introduction of the PER Bill had revealed that there was general support for the environmental levy on plastic shopping bags to discourage indiscriminate use. While retailers had been consulted on the recycling of used plastic shopping bags, the suggested partial refund of the levy for the return of used plastic shopping bags had not been well received. The Administration was of the view that the Bill should provide for a simple and direct levy to reduce indiscriminate use of plastic shopping bags, rather than complicated provisions to allow for their recycling. It was hoped that the scrutiny of the Bill could be completed within the current legislative session. Meanwhile, continued efforts would be made to encourage reuse and recycling of recyclable materials.

21.5 On Miss CHOY So-yuk's enquiry on the progress of leasing of EcoPark, SEN advised that the Environmental Protection Department had leased out three of the six lots in Phase I of EcoPark in 2007. The tenders for another two lots were invited in February 2008 and the tenancies would be awarded in mid-2008. Efforts would be made to ensure that the tenants were committed to recycling work. Miss CHOY said that when deciding on the tenants, the Administration would need to consider the availability of local sources of recyclable materials to be used by the recycling operations.

21.6 The Chairman was concerned that there was strong opposition from nearby residents on the choice of site for the development of the Integrated Waste Management Facilities (IMWF). SEN said that it was necessary to tackle the problem of waste disposal in Hong Kong. A comprehensive site selection exercise was conducted to identify potential sites in Hong Kong for developing the first phase of IWMF. The outcome of the exercise concluded that the sites at Shek Kwu Chau and Tsang Tsui Ash Lagoons were suitable for consideration. Detailed engineering and Environmental Impact Assessment studies for the two potential sites would be conducted to determine their technical feasibility and environmental acceptability.

Air quality

21.7 Mr WONG Kwok-hing enquired about the measures to regulate the emission of carbon dioxide (CO₂) from the two local power companies. SEN said that it was not the appropriate time to impose a cap on CO₂ emission on power generation, having regard to the technical constraints and the need to change the fuel mix to reduce reliance on fossil fuels. As there were implications on cost and stability of electricity supply if alternative fuels were to be used in power generation, such impact on consumers would need to be assessed before consideration was given to the imposition of a cap on CO₂ emission.

21.8 Ms Miriam LAU enquired about the policy on biodiesel since apart from setting specifications on biodiesel, no efforts had been made on the part of the Administration to promote its use. She was aware that some manufacturers were keen on the production of biodiesel using used oil and they would like to know whether biodiesel could be used to replace fossil fuels. SEN said that while ultra low sulphur diesel blended with up to 5% of biodiesel could be used by most vehicles without causing compatibility problems, any higher percentage might cause possible corrosion problems to the fuel system of certain incompatible vehicles. Hence, there was a need to implement a mandatory labelling requirement at the selling points for motor vehicle diesel with biodiesel content over 5%. This requirement would assist owners in choosing a fuel suitable for their vehicles. The Permanent Secretary for the Environment (PS(Env)) said that there were incentives to use biodiesel as vehicle fuel, as biodiesel was duty-free. There were plans to spell out the specifications for pure biodiesel and biodiesel blended with motor vehicle diesel to bring these in line with international standards so that consumers would have confidence in using biodiesel.

21.9 Ms Miriam LAU considered it necessary that measures should be introduced to encourage the environmental practice of recycling used oil for manufacturing biodiesel. SEN said that at present, there were manufacturers engaged in the manufacture of biodiesel using used oil. The manufacture of biodiesel was one of the industries which were welcome at the EcoPark.

21.10 Mr Martin LEE that the he had all along supported the implementation of bus-bus interchange (BBI) schemes to relieve traffic congestion at the Central business district while achieving further improvements

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to air quality. Under the BBI schemes, all cross-harbour bus traffic coming from Kowloon and the New Territories via Western Harbour Crossing or Cross Harbour Tunnel/Eastern Harbour Crossing should terminate at Sheung Wan and Causeway Bay respectively. Interchange passengers could then make use of shuttle services run by environmental-friendly buses for onward journeys to the Central business district. In addition, he would support extending the pedestrian footbridges from Sheung Wan to Causeway Bay so that pedestrians could walk their way without relying on other means of transport. He also supported the provision of a second escalator from Central to Mid-levels, in addition to the existing one. SEN said that the Administration had been working closely with bus companies to encourage and facilitate rationalization of bus routes. As a result, there had been significant decrease in the number of bus trips to Central, Causeway Bay and Nathan Road. As regards the extension of pedestrian footbridges and provision of additional escalator from Central to Mid-levels, SEN said that these would require further consideration. Mr Albert CHAN said that, in recognition of Mr Martin LEE's efforts over the years, he would support the early implementation of the BBI schemes to relieve traffic congestion at the Central business districts.

21.11 Mr Martin LEE said that as there was a need to maintain the indoor temperature at 25.5°C, the dress codes should be relaxed so that gentlemen needed not wear coats and neckties to work in summer. He said that government officials should take the lead by relaxing the dress codes when attending Council meetings. Requests for relaxation of dress codes should also be made to consulates and clubs. SEN said that internal circulars had been issued to staff reminding them about the relaxation of dress codes during summer. While it would be more comfortable to dress casual with an indoor temperature of 25.5°C, it would remain a personal choice as to what to wear, particularly when attending formal meetings. He agreed to Mr LEE's suggestion of encouraging non-governmental organizations (NGOs) to relax their dress codes.

Nature conservation

21.12 Miss CHOY So-yuk opined that land with rich biodiversity should not be allowed to be developed and instead its plot ratio should be transferred to an alternative site. She said that the proposal had had the support of landowners and district councils. SEN said that under the new nature conservation policy, there were two practicable ways to better conserve ecologically important sites

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that were under private ownership and these included management agreements with landowners and private-public partnership. The ecological value of the sites at Long Valley and Fung Yuen had since been enhanced under the management agreements between NGOs and landowners and additional funding had been provided for the purpose. Further assessment would be made on the 12 priority sites identified for enhanced conservation to see if there were chances of entering into private-public partnership in the development of the sites on an agreed scale. The need for the transfer of plot ratios in respect of land with high conservation values would be considered on a case-by-case basis.

21.13 Mr Albert CHAN sought the Administration's undertaking that greening measures would be implemented to provide much needed improvement to the greening of landscape in Hong Kong, as it appeared that the mountains in Hong Kong were more barren as compared to those in Shenzhen. SEN said that the recent hill fires had destroyed a lot of vegetation and undermined the greening efforts made in Hong Kong. The Agriculture, Fisheries and Conservation Department (AFCD) was committed to protecting the vegetation in the Country Parks in Hong Kong, which comprised almost 40% of the land in Hong Kong. The effort would be further enhanced with the proposed designation of the Lantau North (Extension) Country Park within the year. He would like to invite Members to visit the Country Parks in Hong Kong to see for themselves the greening measures that had been taken. The Director of Agriculture, Fisheries and Conservation added that AFCD had been planting an average of 800 000 to 900 000 trees in Hong Kong every year, and indeed it had become more difficult to identify suitable sites for large-scale planting within Country Parks. It was unfortunate that the hill fires at the Tai Lam Country Park in 2006 had destroyed over 60 000 trees. Efforts would be made to identify suitable sites for planting of more trees in Country Parks.

Sustainable development

21.14 Referring to the Sustainable Development Fund (SDF) which was established with an approved amount of \$100 million in 2003 to support community initiatives to enhance public awareness of the concept of sustainable development, Ms Audrey EU noted with concern that only 18 projects involving total grants of about \$14.5 million had been approved since the establishment of the Fund. She requested the Administration to review the situation to see if the criteria for funding the projects were too stringent and to identify the means to facilitate the implementation of projects funded by SDF. PS(Env) said that

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departmental provisions were available to fund educational programmes organized by the Council for Sustainable Development. As regards applications for SDF, PS(Env) advised that they were vetted by the Council. She also agreed to convey Ms EU's request for a review of the operation of SDF to the Council for consideration to see if there was a need to relax the criteria for funding of projects.

Standardization of environmental policies, standards and legislation between the Mainland and Hong Kong

21.15 Miss CHOY So-yuk said that she would support the standardization of environmental policies, standards and legislation between the Mainland and Hong Kong. She pointed out that the Mainland had been performing very well in some aspects of environmental protection. SEN agreed that we could discuss with the Mainland authority on the standardization of environmental policies, standards and legislation and there would be continued co-operation and experience sharing with the Mainland on environmental issues of mutual concern.

Environmental performance of buildings

21.16 Miss CHOY So-yuk opined that consideration should be given to requiring developers to include in the sales brochure for residential developments the environmental performance of buildings to be developed, for example, the noise levels which the developments would be exposed to and the energy efficiency installations to be provided, so that prospective buyers could make an informed decision. SEN said that the Administration had proposed to amend the Buildings Ordinance (Cap. 123) to introduce a mandatory requirement for the provision of refuse storage and material recovery room on each floor of new residential buildings. It would also be introducing legislation on the mandatory implementation of Building Energy Codes, which aimed at improving energy efficiency of buildings. The Administration would continue to seek co-operation from developers in improving the environmental performance of buildings.

Decking of nullahs

21.17 Mr SIN Chung-kai said that instead of decking of nullahs which might give rise to the heat island effect, consideration could be given to developing nullahs into aesthetical sites through greening. This would provide improvements to the urban design, as evidenced by the experience in Seoul, and would be an option worth pursuing, particularly when resources were now

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available. SEN said that the Administration would support measures to improve nullahs and the surrounding environment and would assess the improvements which could be made on a case-by-case basis.

Appendix I

Programme of special meetings of Finance Committee to examine the Estimates 2008-2009 from 31 March to 3 April and 7 April 2008

<u>Session No.</u>	<u>Government Representative</u>	<u>Date</u>	<u>Time</u>
1.	Secretary for the Civil Service	31 March	9:00 am - 9:45 am
2.	Secretary for Constitutional and Mainland Affairs	31 March	9:50 am - 10:50 am
3.	Secretary for Commerce and Economic Development • Communications and Technology	31 March	10:55 am - 11:40 am
4.	Secretary for Commerce and Economic Development • Commerce, Industry and Tourism	31 March	11:45 am - 1:00 pm
5.	Secretary for Financial Services and the Treasury • Financial Services	31 March	2:30 pm - 3:15 pm
6.	Secretary for Financial Services and the Treasury • Public Finance	31 March	3:20 pm - 4:05 pm
7.	Director of Administration Commissioner, Independent Commission Against Corruption The Ombudsman Director of Audit Permanent Secretary to Chief Executive Secretary General, Legislative Council Secretariat	31 March	4:15 pm - 5:15 pm
8.	(i) Judiciary Administrator (ii) Secretary for Justice	1 April	2:30 pm - 3:45 pm
9.	Secretary for Security	1 April	3:50 pm - 5:20 pm

<u>Session No.</u>	<u>Government Representative</u>	<u>Date</u>	<u>Time</u>
10.	Secretary for Labour and Welfare • Welfare and Women	2 April	8:45 am - 10:00 am
11.	Secretary for Labour and Welfare • Labour	2 April	10:05 am - 11:20 am
12.	Secretary for Education	2 April	11:25 am - 12:55 pm
13.	Secretary for Transport and Housing • Housing	2 April	2:15 pm - 3:00 pm
14.	Secretary for Transport and Housing • Transport	2 April	3:05 pm - 4:20 pm
15.	Secretary for Home Affairs	2 April	4:30 pm - 6:15 pm
16.	Secretary for Food and Health • Food Safety and Environmental Hygiene	3 April	2:30 pm - 3:45 pm
17.	Secretary for Food and Health • Health	3 April	3:55 pm - 5:25 pm
18.	Secretary for Development • Works	7 April	2:15 pm - 3:15 pm
19.	Secretary for Development • Planning and Lands	7 April	3:20 pm - 4:35 pm
20.	Secretary for the Environment	7 April	4:40 pm - 6:10 pm

**Summary of written and supplementary questions
and requests for additional information**

<u>Session No.</u>	<u>Director of Bureau/ Controlling Officer</u>	<u>No. of written questions</u>	<u>No. of supplementary questions</u>	<u>No. of requests for additional information (verbal)</u>
1.	Secretary for the Civil Service	43	12	1
2.	Secretary for Constitutional and Mainland Affairs	100	10	-
3.	Secretary for Commerce and Economic Development • Communications and Technology	98	2	-
4.	Secretary for Commerce and Economic Development • Commerce, Industry and Tourism	199	1	1
5.	Secretary for Financial Services and the Treasury • Financial Services	45	2	-
6.	Secretary for Financial Services and the Treasury • Public Finance	70	2	-
7.	Director of Administration	16	-	4
	Commissioner, Independent Commission Against Corruption	10	-	-
	The Ombudsman	2	-	-
	Director of Audit	11	-	-
	Permanent Secretary to Chief Executive	5	-	-
	Secretary General, Legislative Council Secretariat	2	-	1

<u>Session No.</u>	<u>Director of Bureau/ Controlling Officer</u>	<u>No. of written questions</u>	<u>No. of supplementary questions</u>	<u>No. of requests for additional information (verbal)</u>
8.	(i) Judiciary Administrator (ii) Secretary for Justice	14 21	3 -	1 -
9.	Secretary for Security	195	9	3
10.	Secretary for Labour and Welfare • Welfare and Women	298	4	5
11.	Secretary for Labour and Welfare • Labour	121	10	1
12.	Secretary for Education	225	4	-
13.	Secretary for Transport and Housing • Housing	41	2	7
14.	Secretary for Transport and Housing • Transport	167	6	-
15.	Secretary for Home Affairs	178	6	2
16.	Secretary for Food and Health • Food Safety and Environmental Hygiene	164	-	-
17.	Secretary for Food and Health • Health	315	6	1
18.	Secretary for Development • Works	85	4	-
19.	Secretary for Development • Planning and Lands	166	23	1
20.	Secretary for the Environment	142	3	1
	Total :	2,733	109	29

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 31 March to 3 April and 7 April 2008**

**Meeting held in the morning of 31 March 2008 (Sessions 1 - 4)
9:00 am to 1:00 pm
Legislative Council Chamber**

Members present :

Hon TAM Yiu-chung, GBS, JP (Chairman)
Hon Emily LAU Wai-hing, JP (Deputy Chairman)
Hon James TIEN Pei-chun, GBS, JP
Hon Albert HO Chun-yan
Hon LEE Cheuk-yan
Hon Martin LEE Chu-ming, SC, JP
Hon Fred LI Wah-ming, JP
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon James TO Kun-sun
Hon CHEUNG Man-kwong
Hon CHAN Yuen-han, SBS, JP
Hon Bernard CHAN, GBS, JP
Hon CHAN Kam-lam, SBS, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP
Hon SIN Chung-kai, SBS, JP
Hon Jasper TSANG Yok-sing, GBS, JP
Hon Howard YOUNG, SBS, JP
Hon LAU Chin-shek, JP
Hon LAU Kong-wah, JP
Hon Miriam LAU Kin-ye, GBS, JP
Hon CHOY So-yuk, JP
Hon Andrew CHENG Kar-foo
Hon Abraham SHEK Lai-him, SBS, JP
Hon LI Fung-ying, BBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon Albert CHAN Wai-yip
Hon Audrey EU Yuet-mee, SC, JP
Hon Vincent FANG Kang, JP
Hon WONG Kwok-hing, MH
Hon Andrew LEUNG Kwan-yuen, SBS, JP

Hon Alan LEONG Kah-kit, SC
Dr Hon KWOK Ka-ki
Dr Hon Fernando CHEUNG Chiu-hung
Hon WONG Ting-kwong, BBS
Hon Ronny TONG Ka-wah, SC
Hon CHIM Pui-chung
Prof Hon Patrick LAU Sau-shing, SBS, JP
Hon Albert Jinghan CHENG, JP
Hon TAM Heung-man
Hon Mrs Anson CHAN, GBM, JP

Public officers attending :

Miss Amy 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)

Session 1 - Civil Service

Miss Denise YUE, GBS, JP	Secretary for the Civil Service
Mr Andrew WONG, JP	Permanent Secretary for the Civil Service
Mrs Sarah KWOK, JP	Deputy Secretary for the Civil Service (1)
Mr SO Kam-shing, JP	Deputy Secretary for the Civil Service (2)
Ms Mimi LEE	Deputy Secretary for the Civil Service (3)
Mrs Margaret CHAN, JP	Acting Director of General Grades
Mrs Stella AU YEUNG	Secretary, Public Service Commission
Mrs Lucia LI, JP	Director of Accounting Services
Ms Michelle LI, JP	Secretary General, Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service
Dr Gloria TAM, JP	Deputy Director of Health
Mr LI Pak-hong	Principal Executive Officer (Management) of Civil Service Bureau

Session 2 – Constitutional and Mainland Affairs

Mr Stephen LAM, JP	Secretary for Constitutional and Mainland Affairs
Mr Joshua LAW, JP	Permanent Secretary for Constitutional and Mainland Affairs

Mr Arthur HO, JP	Deputy Secretary for Constitutional and Mainland Affairs (1)
Mr Howard CHAN	Deputy Secretary for Constitutional and Mainland Affairs (2)
Miss Joanna CHOI	Principal Assistant Secretary for Constitutional and Mainland Affairs (4)
Mr Victor NG	Principal Assistant Secretary for Constitutional and Mainland Affairs (5)
Ms Joyce HO	Administrative Assistant to Secretary for Constitutional and Mainland Affairs
Mrs Vivian TING	Chief Electoral Officer
Mr Thomas TSO, JP	Director, Beijing Office
Mr Peter LEUNG, JP	Director, Hong Kong Economic and Trade Affairs, Guangdong
Mr Patrick CHAN	Director, Hong Kong Economic and Trade Affairs, Shanghai
Mr Richard LUK	Director, Hong Kong Economic and Trade Affairs, Chengdu
Mr Bob TONG	Chief Executive Officer (Licensing) of Television and Entertainment Licensing Authority
Ms Angela HO	Chief Executive Officer, Constitutional and Mainland Affairs
Mr Manfred WONG	Senior Executive Officer, Beijing Office

Session 3 – Communications and Technology

Mr Frederick MA, JP	Secretary for Commerce and Economic Development
Mrs Rita LAU, JP	Permanent Secretary for Commerce and Economic Development (Communications and Technology)
Mr Alan SIU, JP	Deputy Secretary for Commerce and Economic Development (Communications and Technology)
Mr Eddy CHAN, JP	Commissioner for Innovation and Technology
Mr Stephen MAK, JP	Acting Government Chief Information Officer
Mrs Marion LAI, JP	Director-General of Telecommunications
Ms Gracie FOO, JP	Acting Director of Broadcasting
Ms Maisie CHENG, JP	Commissioner for Television and Entertainment Licensing

Session 4 – Commerce, Industry and Tourism

Mr Frederick MA, JP	Secretary for Commerce and Economic Development
Miss Yvonne CHOI, JP	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Miss AU King-chi, JP	Commissioner for Tourism
Ms Linda LAI, JP	Deputy Secretary for Commerce and Economic Development (Commerce and Industry)1
Mr Christopher WONG, JP	Deputy Secretary for Commerce and Economic Development (Commerce and Industry)2
Ms Annie CHOI, JP	Deputy Secretary for Commerce and Economic Development (Commerce and Industry)3
Mr Joseph LAI, JP	Director-General of Trade and Industry
Mr Mike ROWSE, JP	Director-General of Investment Promotion
Mr Stephen SELBY, JP	Director of Intellectual Property
Mr Richard YUEN, JP	Commissioner of Customs and Excise
Dr LEE Boon-ying, JP	Acting Director of the Hong Kong Observatory
Mr TAM Wing-pong, JP	Postmaster General
Mr John CHAI, JP	Director of Civil Engineering and Development
Mr Anthony LAU	Executive Director, Hong Kong Tourism Board

Clerk in attendance:

Mrs Constance LI	Assistant Secretary General 1
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Staff in attendance:

Miss Becky YU	Chief Council Secretary (1)1
Ms YUE Tin-po	Chief Council Secretary (1)3
Ms Debbie YAU	Senior Council Secretary (1)1
Ms Annette LAM	Senior Council Secretary (1)3
Mr SUNG Pui-yin	Senior Council Secretary (1)4
Ms Guy YIP	Senior Council Secretary (1)5

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 31 March to 3 April and 7 April 2008**

**Meeting held in the afternoon of 31 March 2008 (Sessions 5 - 7)
2:30 pm to 5:15 pm
Legislative Council Chamber**

Members present :

Hon TAM Yiu-chung, GBS, JP (Chairman)
Hon Emily LAU Wai-hing, JP (Deputy Chairman)
Hon James TIEN Pei-chun, GBS, JP
Hon Albert HO Chun-yan
Hon LEE Cheuk-yan
Dr Hon David LI Kwok-po, GBM, GBS, JP
Hon Margaret NG
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon James TO Kun-sun
Hon CHAN Yuen-han, SBS, JP
Hon Bernard CHAN, GBS, JP
Hon SIN Chung-kai, SBS, JP
Hon Jasper TSANG Yok-sing, GBS, JP
Hon Howard YOUNG, SBS, JP
Hon LAU Chin-shek, JP
Hon LAU Wong-fat, GBM, GBS, JP
Hon CHOY So-yuk, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon Albert CHAN Wai-yip
Hon Vincent FANG Kang, JP
Hon WONG Kwok-hing, MH
Hon Daniel LAM Wai-keung, SBS, JP
Hon Jeffrey LAM Kin-fung, SBS, JP
Hon Andrew LEUNG Kwan-yuen, SBS, JP
Hon Alan LEONG Kah-kit, SC
Hon Ronny TONG Ka-wah, SC
Hon CHIM Pui-chung
Hon TAM Heung-man

Public officers attending :

Miss Amy 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)

Session 5 – Financial Services

Professor K C CHAN, SBS, JP	Secretary for Financial Services and the Treasury
Mr CHENG Yan-chee, JP	Acting Permanent Secretary for Financial Services and the Treasury (Financial Services)
Mr Patrick HO, JP	Deputy Secretary for Financial Services and the Treasury (Financial Services) 2
Mr John LEUNG, JP	Deputy Secretary for Financial Services and the Treasury (Financial Services) 3
Mr Clement CHEUNG, JP	Commissioner of Insurance
Mr FUNG Hing-wang, JP	Commissioner for Census and Statistics
Mr Edmond LAU, JP	Executive Director (Monetary Management) Hong Kong Monetary Authority
Mr E T O'CONNELL	Official Receiver
Ms Ada CHUNG	Registrar of Companies
Ms Jessie WONG	Administrative Assistant to Secretary for Financial Services and the Treasury

Session 6 – Public Finance

Professor K C CHAN, SBS, JP	Secretary for Financial Services and the Treasury
Mr Stanley YING, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Mr Clement LEUNG, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 2
Mr Joe WONG	Deputy Secretary for Financial Services and the Treasury (Treasury) 3
Mrs Alice LAU, JP	Commissioner of Inland Revenue
Mrs Lucia LI, JP	Director of Accounting Services
Mrs Mimi BROWN, JP	Commissioner of Rating and Valuation
Ms Maria KWAN, JP	Director of Government Logistics
Mr K K KWOK, JP	Government Property Administrator

Ms Rhoda CHAN	Principal Assistant Secretary for Financial Services and the Treasury (Treasury) (H)
Mr YUE Chi-hang, JP	Director of Architectural Services
Mr LEUNG Koon-kee	Assistant Director of Architectural Services (Property Services)
Mr Richard YUEN, JP	Commissioner of Customs and Excise
Mr Alan WONG, JP	Commissioner for Transport
Miss LUI Ying	Assistant Commissioner for Transport (Administration and Licensing)
Ms Jessie WONG	Administrative Assistant to Secretary for Financial Services and the Treasury

Session 7 - Central Administration and Other Services

Miss Jennifer MAK, JP	Director of Administration
Mr Robin IP, JP	Deputy Head, Central Policy Unit
Mr Raymond TAM	Secretary to the Commission on Strategic Development
Mr KWOK Kwok-chuen, BBS, JP	Government Economist
Ms Kitty CHOI, JP	Head, Efficiency Unit
Mr Wilfred WU	Principal Executive Officer (Administration), Administration Wing
Mr Benjamin TANG, JP	Director of Audit
Ms Celia CHEUNG	Departmental Secretary, Audit Commission
Miss Elizabeth TSE, JP	Permanent Secretary, Chief Executive's Office
Mr Jock TAM	Chief Executive Officer (Administration), Chief Executive's Office
Mr Timothy TONG	Commissioner, Independent Commission Against Corruption
Mr Francis LEE, IDS	Director of Investigation (Private Sector) Independent Commission Against Corruption
Mr TSE Man-shing	Assistant Director (Administration) Independent Commission Against Corruption
Mr Ricky FUNG, JP	Secretary General Legislative Council Secretariat
Mr Joseph KWONG	Accountant, Legislative Council Secretariat
Ms Alice TAI, JP	The Ombudsman
Mr MOK Yun-chuen	Chief Manager, Office of The Ombudsman

Clerk in attendance:

Mrs Constance LI	Assistant Secretary General 1
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Staff in attendance:

Miss Becky YU

Mr Andy LAU

Miss Polly YEUNG

Ms Rosalind MA

Ms Angel SHEK

Mr Justin TAM

Chief Council Secretary (1)1

Chief Council Secretary (1)2

Chief Council Secretary (1)5

Senior Council Secretary (1)8

Council Secretary (1)2

Council Secretary (1)3

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 31 March to 3 April and 7 April 2008**

**Meeting held in the afternoon of 1 April 2008 (Sessions 8 - 9)
2:30 pm to 5:20 pm
Legislative Council Chamber**

Members present :

Hon TAM Yiu-chung, GBS, JP (Chairman)
Hon Emily LAU Wai-hing, JP (Deputy Chairman)
Hon Albert HO Chun-yan
Hon Martin LEE Chu-ming, SC, JP
Hon Margaret NG
Hon James TO Kun-sun
Hon SIN Chung-kai, SBS, JP
Hon WONG Yung-kan, SBS, JP
Hon Jasper TSANG Yok-sing, GBS, JP
Hon Howard YOUNG, SBS, JP
Hon LAU Chin-shek, JP
Hon LAU Kong-wah, JP
Hon Miriam LAU Kin-yee, GBS, JP
Hon CHOY So-yuk, JP
Hon LI Fung-ying, BBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon Audrey EU Yuet-mee, SC, JP
Hon Vincent FANG Kang, JP
Hon WONG Kwok-hing, MH
Hon LEE Wing-tat
Hon Daniel LAM Wai-keung, SBS, JP
Hon Jeffrey LAM Kin-fung, SBS, JP
Hon Andrew LEUNG Kwan-yuen, SBS, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Hon Ronny TONG Ka-wah, SC
Hon CHIM Pui-chung
Hon TAM Heung-man

Public officers attending :

Miss Amy 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)

Session 8 - Judiciary administration and Legal administration

Mr WONG Yan-lung, SC, JP	Secretary for Justice
Miss Susie HO, JP	Director of Administration and Development
Mr Ian WINGFIELD, GBS, JP	Solicitor General
Mr John READING, SC	Deputy Director of Public Prosecutions
Miss Emma LAU, JP	Judiciary Administrator
Miss Dora FU	Acting Deputy Judiciary Administrator (Operations)
Mr Clement LI	Assistant Judiciary Administrator (Corporate Services)

Session 9 - Security

Mr Ambrose LEE, IDSM, JP	Secretary for Security
Ms CHANG King-yiu, JP	Permanent Secretary for Security
Mr YUE Fung-lin	Principal Management Services Officer (Security) of Security Bureau
Mr TANG King-shing	Commissioner of Police
Mr PEH Yun-lu, IDSM	Acting Director of Immigration
Mr Gregory LO, FSDSM	Director of Fire Services
Mr KWOK Leung-ming, CSDSM	Commissioner of Correctional Services
Mr Richard YUEN, JP	Commissioner of Customs and Excise
Captain Michael CHAN, MBS, GMSM	Controller, Government Flying Service
Mr LIU Chi-keung	Chief Staff Officer, Civil Aid Service
Dr CHAN Yiu-wing	Chief Staff Officer, Auxiliary Medical Service
Mrs Philomena LEUNG	Secretary, Independent Police Complaints Council
Miss CHENG Wai-fung	Secretary, Secretariat, Commissioner on Interception of Communications and Surveillance
Mr Norman LO, AE, JP	Director-General of Civil Aviation
Ms Sally WONG, JP	Commissioner for Narcotics

Clerk in attendance:

Mrs Constance LI

Assistant Secretary General 1

Staff in attendance:

Mrs Mary TANG

Ms Rosalind MA

Senior Council Secretary (1)2

Senior Council Secretary (1)8

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 31 March to 3 April and 7 April 2008**

**Meeting held in the morning of 2 April 2008 (Sessions 10 - 12)
8:45 am to 12:55 pm
Legislative Council Chamber**

Members present :

Hon TAM Yiu-chung, GBS, JP (Chairman)
Hon Emily LAU Wai-hing, JP (Deputy Chairman)
Hon James TIEN Pei-chun, GBS, JP
Hon Albert HO Chun-yan
Hon LEE Cheuk-yan
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon CHEUNG Man-kwong
Hon CHAN Yuen-han, SBS, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP
Hon LEUNG Yiu-chung
Hon SIN Chung-kai, SBS, JP
Hon Jasper TSANG Yok-sing, GBS, JP
Dr Hon YEUNG Sum, JP
Hon LAU Chin-shek, JP
Hon Miriam LAU Kin-ye, GBS, JP
Hon CHOY So-yuk, JP
Hon Andrew CHENG Kar-foo
Hon Abraham SHEK Lai-him, SBS, JP
Hon LI Fung-ying, BBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon Audrey EU Yuet-mee, SC, JP
Hon WONG Kwok-hing, MH
Hon LI Kwok-ying, MH, JP
Hon Jeffrey LAM Kin-fung, SBS, 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 Ronny TONG Ka-wah, SC
Prof Hon Patrick LAU Sau-shing, SBS, JP
Hon TAM Heung-man
Hon Mrs Anson CHAN, GBM, JP

Public officers attending :

Miss Amy 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)

Session 10 – Welfare and Women

Mr Matthew CHEUNG, GBS, JP	Secretary for Labour and Welfare
Mr Paul TANG, JP	Permanent Secretary for Labour and Welfare
Mr Stephen FISHER, JP	Director of Social Welfare
Mr FUNG Pak-yan	Deputy Director of Social Welfare (Services)
Miss Eliza LEE	Deputy Secretary for Labour and Welfare (Welfare)1
Ms Carol YIP	Deputy Secretary for Labour and Welfare (Welfare)2
Mr Alan WONG, JP	Commissioner for Transport
Mr Don HO	Assistant Commissioner for Transport (Management and Paratransit)
Ms Subrina CHOW	Administrative Assistant to Secretary for Labour and Welfare

Session 11 - Labour

Mr Matthew CHEUNG, GBS, JP	Secretary for Labour and Welfare
Mr Paul TANG, JP	Permanent Secretary for Labour and Welfare
Mrs Cherry TSE, JP	Commissioner for Labour
Mrs Jenny CHAN, JP	Deputy Commissioner for Labour (Labour Administration)
Mrs Erika HUI, JP	Deputy Commissioner for Labour (Occupational Safety and Health)
Ms Subrina CHOW	Administrative Assistant to Secretary for Labour and Welfare

Session 12 - Education

Mr Michael SUEN, GBS, JP	Secretary for Education
Mr Raymond WONG, JP	Permanent Secretary for Education
Mr Michael WONG, JP	Deputy Secretary for Education (1)
Ms Bernadette LINN, JP	Deputy Secretary for Education (2)
Mr CHENG Man-yiu, JP	Deputy Secretary for Education (3)

Mrs Betty IP
Miss Vivian LAU, JP
Mrs Lily TSANG, JP

Mr Tony TANG

Mr Michael STONE, JP

Dr Carrie WILLIS, MBE

Mr LI Wing

Deputy Secretary for Education (4)
Deputy Secretary for Education (6)
Principal Assistant Secretary for Education
(Finance)
Principal Assistant Secretary for Education
(Quality Assurance)
Secretary-General, University Grants
Committee
Executive Director, Vocational Training
Council
Controller, Student Financial Assistance
Agency

Clerk in attendance:

Mrs Constance LI

Assistant Secretary General 1

Staff in attendance:

Ms Anita SIT
Ms Debbie YAU
Mrs Mary TANG
Ms Annette LAM
Ms Guy YIP

Chief Council Secretary (1)4
Senior Council Secretary (1)1
Senior Council Secretary (1)2
Senior Council Secretary (1)3
Senior Council Secretary (1)5

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 31 March to 3 April and 7 April 2008**

**Meeting held in the afternoon of 2 April 2008 (Sessions 13 - 15)
2:15 pm to 6:15 pm
Legislative Council Chamber**

Members present :

Hon TAM Yiu-chung, GBS, JP (Chairman)
Hon Emily LAU Wai-hing, JP (Deputy Chairman)
Hon James TIEN Pei-chun, GBS, JP
Hon Albert HO Chun-yan
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Hon Fred LI Wah-ming, JP
Hon Mrs Selina CHOW LIANG Shuk-yee, GBS, JP
Hon James TO Kun-sun
Hon CHEUNG Man-kwong
Hon CHAN Yuen-han, SBS, JP
Hon CHAN Kam-lam, SBS, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP
Hon LEUNG Yiu-chung
Hon SIN Chung-kai, SBS, JP
Dr Hon YEUNG Sum, JP
Hon Miriam LAU Kin-yee, GBS, JP
Hon CHOY So-yuk, JP
Hon Abraham SHEK Lai-him, SBS, JP
Hon LI Fung-ying, BBS, JP
Hon Albert CHAN Wai-yip
Hon Frederick FUNG Kin-kee, SBS, JP
Hon Vincent FANG Kang, JP
Hon WONG Kwok-hing, MH
Hon LEE Wing-tat
Hon LI Kwok-ying, MH, JP
Dr Hon Joseph LEE Kok-long, JP
Hon Daniel LAM Wai-keung, SBS, JP
Hon Jeffrey LAM Kin-fung, SBS, JP
Hon Andrew LEUNG Kwan-yuen, SBS, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Dr Hon Fernando CHEUNG Chiu-hung

Hon CHEUNG Hok-ming, SBS, JP
Hon WONG Ting-kwong, BBS
Hon Ronny TONG Ka-wah, SC
Prof Hon Patrick LAU Sau-shing, SBS, JP
Hon TAM Heung-man

Public officers attending :

Miss Amy 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)

Session 13 - Housing

Ms Eva CHENG, JP	Secretary for Transport and Housing
Mr Thomas CHAN, JP	Permanent Secretary for Transport and Housing (Housing)/Director of Housing
Miss Mary CHOW, JP	Deputy Secretary for Transport and Housing (Housing)
Mr Howard LEE, JP	Deputy Director of Housing (Corporate Services)
Ms Ada FUNG	Deputy Director of Housing (Development and Construction)
Mr Chris GABRIEL	Assistant Director of Housing (Independent Checking Unit)
Miss Annie TAM, JP	Director of Lands
Mr CHEUNG Hau-wai, JP	Director of Buildings

Session 14 - Transport

Ms Eva CHENG, JP	Secretary for Transport and Housing
Mr Francis HO, JP	Permanent Secretary for Transport and Housing (Transport)
Mr Philip YUNG, JP	Deputy Secretary for Transport and Housing (Transport) ¹
Miss Cathy CHU, JP	Deputy Secretary for Transport and Housing (Transport) ²
Ms Annette LEE, JP	Deputy Secretary for Transport and Housing (Transport) ³
Mr Esmond LEE, JP	Deputy Secretary for Transport and Housing (Transport) ⁴

Miss Janice TSE, JP
Mr Alan WONG, JP
Mr WAI Chi-sing, JP
Mr Roger TUPPER, JP
Mr Norman LO, AE, JP

Deputy Secretary for Transport and
Housing (Transport)⁵
Commissioner for Transport
Director of Highways
Director of Marine
Director-General of Civil Aviation

Session 15 – Home Affairs

Mr TSANG Tak-sing, JP
Mrs Carrie YAU, JP
Mrs Pamela TAN, JP
Mr Thomas CHOW, JP
Mrs Betty FUNG, JP
Mr Benjamin CHEUNG, JP
Mr HO Kwong-wai, JP

Secretary for Home Affairs
Permanent Secretary for Home Affairs
Director of Home Affairs
Director of Leisure and Cultural Services
Director of Information Services
Director of Legal Aid
Director of Electrical and Mechanical
Services
Assistant Director of Social Welfare (Youth
and Corrections)
Chief Executive Officer (Licensing) of
Television and Entertainment Licensing
Authority

Mr CHEUNG Hing-wah

Mr TONG Fu-keung

Clerk in attendance:

Mrs Constance LI

Assistant Secretary General 1

Staff in attendance:

Miss Becky YU
Ms Sarah YUEN
Mr Justin TAM

Chief Council Secretary (1)1
Senior Council Secretary (1)6
Council Secretary (1)3

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 31 March to 3 April and 7 April 2008**

**Meeting held in the afternoon of 3 April 2008 (Sessions 16 - 17)
2:30 pm to 5:25 pm
Legislative Council Chamber**

Members present :

Hon TAM Yiu-chung, GBS, JP (Chairman)
Hon Emily LAU Wai-hing, JP (Deputy Chairman)
Hon James TIEN Pei-chun, GBS, JP
Hon LEE Cheuk-yan
Hon Martin LEE Chu-ming, SC, JP
Hon Fred LI Wah-ming, JP
Hon Mrs Selina CHOW LIANG Shuk-yee, GBS, JP
Hon James TO Kun-sun
Hon CHEUNG Man-kwong
Hon CHAN Yuen-han, SBS, JP
Hon Bernard CHAN, GBS, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP
Hon SIN Chung-kai, SBS, JP
Hon WONG Yung-kan, SBS, JP
Hon LAU Chin-shek, JP
Hon CHOY So-yuk, JP
Hon Andrew CHENG Kar-foo
Hon Albert CHAN Wai-yip
Hon Audrey EU Yuet-mee, SC, JP
Hon WONG Kwok-hing, MH
Hon LEE Wing-tat
Hon LI Kwok-ying, MH, JP
Dr Hon Joseph LEE Kok-long, JP
Hon Daniel LAM Wai-keung, SBS, JP
Hon Jeffrey LAM Kin-fung, SBS, 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 TAM Heung-man

Public officers attending :

Miss Amy 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)

Session 16 – Food Safety and Environmental Hygiene

Dr York CHOW, SBS, JP	Secretary for Food and Health
Mrs Stella HUNG, JP	Permanent Secretary for Food and Health (Food)
Mr CHEUK Wing-hing, JP	Director of Food and Environmental Hygiene
Miss CHEUNG Siu-hing, JP	Director of Agriculture, Fisheries and Conservation
Dr TING Tai-lun, JP	Government Chemist
Mr LUK Kwok-chung	Head of Resource Management and Administration of Food and Health Bureau
Dr Constance CHAN, JP	Controller of Centre for Food Safety of Food and Environmental Hygiene Department
Mr Andy CHAN	Administrative Assistant to Secretary for Food and Health

Session 17 - Health

Dr York CHOW, SBS, JP	Secretary for Food and Health
Ms Sandra LEE, JP	Permanent Secretary for Food and Health (Health)
Dr LAM Ping-yan, JP	Director of Health
Mr Shane SOLOMON	Chief Executive, Hospital Authority
Dr TING Tai-lun, JP	Government Chemist
Mr LUK Kwok-chung	Head of Resource Management and Administration of Food and Health Bureau
Dr Gloria TAM, JP	Deputy Director of Health
Dr CHEUNG Wai-lun	Director (Cluster Services), Hospital Authority
Mr Andy CHAN	Administrative Assistant to Secretary for Food and Health

Clerk in attendance:

Mrs Constance LI

Assistant Secretary General 1

Staff in attendance:

Ms Connie SZETO

Mr SUNG Pui-yin

Mr Simon CHEUNG

Chief Council Secretary (1)6

Senior Council Secretary (1)4

Council Secretary (1)1

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 31 March to 3 April and 7 April 2008**

**Meeting held in the afternoon of 7 April 2008 (Sessions 18 - 20)
2:15 pm to 6:10 pm
Legislative Council Chamber**

Members present :

Hon TAM Yiu-chung, GBS, JP (Chairman)
Hon James TIEN Pei-chun, GBS, JP
Hon Albert HO Chun-yan
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Hon LEE Cheuk-yan
Hon Martin LEE Chu-ming, SC, JP
Dr Hon LUI Ming-wah, SBS, JP
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon CHAN Yuen-han, SBS, JP
Hon Bernard CHAN, GBS, JP
Hon CHAN Kam-lam, SBS, JP
Hon SIN Chung-kai, SBS, JP
Hon Howard YOUNG, SBS, JP
Hon LAU Chin-shek, JP
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 Abraham SHEK Lai-him, SBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon Albert CHAN Wai-yip
Hon Frederick FUNG Kin-kee, SBS, JP
Hon Audrey EU Yuet-mee, SC, JP
Hon Vincent FANG Kang, JP
Hon WONG Kwok-hing, MH
Hon LI Kwok-ying, MH, JP
Hon Daniel LAM Wai-keung, SBS, JP
Hon Jeffrey LAM Kin-fung, SBS, JP
Hon Andrew LEUNG Kwan-yuen, SBS, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Dr Hon KWOK Ka-ki
Hon CHEUNG Hok-ming, SBS, JP

Prof Hon Patrick LAU Sau-shing, SBS, JP
Hon TAM Heung-man
Hon Mrs Anson CHAN, GBM, JP

Public officers attending :

Miss Amy 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)

Session 18 – Works

Mrs Carrie LAM, JP	Secretary for Development
Mr MAK Chai-kwong, JP	Permanent Secretary for Development (Works)
Mr YUE Chi-hang, JP	Director of Architectural Services
Mr John CHAI, JP	Director of Civil Engineering and Development
Mr Peter LAU, JP	Director of Drainage Services
Mr HO Kwong-wai, JP	Director of Electrical and Mechanical Services
Mr MA Lee-tak, JP	Director of Water Supplies
Mr WAI Chi-sing, JP	Director of Highways
Mr Thomas CHOW, JP	Director of Leisure and Cultural Services

Session 19 – Planning and Lands

Mrs Carrie LAM, JP	Secretary for Development
Mr Raymond YOUNG, JP	Permanent Secretary for Development (Planning and Lands)
Miss Annie TAM, JP	Director of Lands
Mrs Ava NG, JP	Director of Planning
Mr HO Kwong-wai, JP	Director of Electrical and Mechanical Services
Mr John CHAI, JP	Director of Civil Engineering and Development
Mr CHEUNG Hau-wai, JP	Director of Buildings

Session 20 – Environment

Mr Edward YAU, JP	Secretary for the Environment
Ms Anissa WONG, JP	Permanent Secretary for the Environment/ Director of Environmental Protection
Mr Roy TANG, JP	Deputy Secretary for the Environment
Dr Mike CHIU, JP	Deputy Director of Environmental Protection (1)
Mr Albert LAM, JP	Deputy Director of Environmental Protection (2)
Mr Carlson K S CHAN	Deputy Director of Environmental Protection (3)
Miss CHEUNG Siu-hing, JP	Director of Agriculture, Fisheries and Conservation
Mr John CHAI, JP	Director of Civil Engineering and Development
Mr Peter LAU, JP	Director of Drainage Services
Mr HO Kwong-wai, JP	Director of Electrical and Mechanical Services
Mr Eric CHAN	Administrative Assistant to Secretary for the Environment

Clerk in attendance:

Mrs Constance LI	Assistant Secretary General 1
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Staff in attendance:

Mrs Mary TANG	Senior Council Secretary (1)2
Mr WONG Siu-yee	Senior Council Secretary (1)7

**Presentation by Secretary for the Civil Service
at the special meeting of the Finance Committee
on Monday, 31 March 2008**

Mr Chairman and Members,

In his Budget Speech delivered last month, the Financial Secretary gave an update on the size of the civil service and the resumption of the open recruitment into the civil service. Today, I am going to brief Members on the latest development in this respect and the efforts the Civil Service Bureau has made in controlling and rationalising public expenditure.

2. First, **the control of the size of the civil service.** In his 2005 Policy Address, the Chief Executive reiterated the target set in 2003 to reduce the civil service establishment to around 160 000 by end 2006-07. Through the implementation of two rounds of service-wide Voluntary Retirement (VR) schemes, the imposition of a general civil service open recruitment freeze and with the concerted and continuous efforts of bureaux and departments in reengineering operations, streamlining procedures and pursuing other modes of service delivery, the target was met in March 2007. At the end of March 2007, the civil service establishment stood at 161 015, representing a reduction of about 18% as compared with the establishment of around 198 000 in early 2000.

3. In the coming year, we will continue to work closely with controlling officers to monitor the staffing situation of individual bureaux and departments through their annual manpower plans, ensuring that adequate staff of suitable calibre are available to implement policy initiatives while controlling the size of the civil service. Controlling officers will continue to ensure that new civil service posts will only be created when operational needs are fully justified, when the work involved cannot be undertaken by re-deployment of existing staff and when alternative modes of service delivery are considered infeasible. Taking into the account the need to implement various policy initiatives and meet the community's increasing demand for public services, as well as the phased replacement of certain non-civil service contract positions by civil service posts, we estimate that the civil service establishment will slightly expand by about 1% to around 164 500 by the end of March next year (2009).

4. Second, **the resumption of open recruitment of civil servants.** To fill civil service vacancies and complement the creation of new posts, we have resumed open recruitment of civil servants with effect from 1 April 2007, save for those grades included in the Second VR Scheme. As at the end of 2007, some 50 open recruitment exercises have been conducted and some 1 260 offers of

appointment to the civil service have been made. The five-year open recruitment freeze on those grades included in the Second VR Scheme also expired on 21 March this year. Most of these grades are allowed to conduct open recruitment and offer appointment to new recruits into the civil service from then onwards while some specified grades may conduct in-service recruitment to fill vacancies.

5. Third, **the development of an improved civil service pay adjustment mechanism.** It has long been our civil service pay policy to offer adequate remuneration to attract, retain and motivate staff of suitable calibre to provide the public with quality service. In addition, we subscribe to the principle of broad comparability between civil service and private sector pay in order to ensure that the civil service remuneration is considered fair by both the civil servants and the public. Last year, we improved the methodology adopted in the annual Pay Trend Surveys (PTS), and conducted the PTS for 2007 on the basis of the improved methodology. The 2008 PTS, now being conducted by the Pay Survey and Research Unit of the Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service, is also based on the improved methodology.

6. Fourth, **civil service pay and staff-related expenses.** With the downward adjustments or revisions to the civil service establishment, civil service pay and fringe benefits in the past few years, the portion of civil service pay and staff-related expenses in the Government's operating expenditure is forecast to reduce to about 27% or \$69.5 billion in the 2008-09 estimates, compared to about 36% or \$71.2 billion in 2001-02.

7. Fifth, **civil service training.** The civil service is the backbone of the SAR Government. We are committed to providing civil servants at all levels with training to update their skills and to instill in them knowledge necessary for providing quality services to the public. For example, we will continue to provide training opportunities on national studies and enhance the Basic Law training for civil servants at all levels to ensure that our staff are kept abreast of the latest political, social and economic developments in the Mainland and have a better understanding of the Basic Law. Also, we will continue to work closely with departments to support them in their human resources development and management efforts, focusing on special training needs such as contract management, customer service and performance management.

8. Mr Chairman, with the support of the community and this Council, we will continue to improve the management of the civil service so as to ensure the civil service continues to render quality public service to the community.

**Presentation by Secretary for Constitutional and Mainland Affairs
at the special meeting of the Finance Committee
on Monday, 31 March 2008**

Mr Chairman,

Today, I wish to brief Members on the financial estimates of the Constitutional and Mainland Affairs Bureau (CMAB) in 2008-09 and our work priorities in the coming year. I will also brief Members on the financial estimates of the Registration and Electoral Office (REO), the Equal Opportunities Commission (EOC) and the Office of the Privacy Commissioner for Personal Data.

2. Apart from constitutional development and co-ordination of Mainland affairs, following the Government Secretariat re-organization on 1 July 2007, the policy portfolio of CMAB also covers co-ordination of Government's human rights policy and access to information.

Estimates of Expenditure of CMAB

3. In 2008-09, CMAB is allocated \$345.7 million, which is about 14% higher than the revised estimates for 2007-08.

4. The estimated increase mainly caters for the provision of funding for the following items:

- (1) to create one position of Under Secretary and one position of Political Assistant;
- (2) to enhance the promotion of the Basic Law;
- (3) to carry out preparatory work for the World Expo 2010 Shanghai;
- (4) to complement preparatory work for the National 12th Five-Year Plan;
- (5) to strengthen exchanges with Taiwan;
- (6) to promote closer ties with the Mainland and step up promotional work; and
- (7) to enhance the promotion of equal opportunities and human rights.

5. Moreover, the estimated increase also includes the full-year provision transferred from the Beijing Office (BJO), and the full-year provision transferred from the Home Affairs Bureau following the re-organization of Government Secretariat.

Constitutional Development

Methods for Electing the Chief Executive and for Forming the Legislative Council in 2012

6. The Decision made by the Standing Committee of the National People's Congress in December last year made clear the universal suffrage timetable for Hong Kong. According to the Decision, the methods for electing the Chief Executive and for forming the Legislative Council (LegCo) in 2012 can be further democratized.

7. The Task Group on Constitutional Development of the Commission on Strategic Development commenced its discussions in February on the two electoral methods for 2012. When the Task Group has completed its discussions around the middle of this year, by the fourth quarter of this year, we will consolidate options which may be considered for amending the two electoral methods for 2012 and conduct another round of public consultation as early as possible.

2008 Legislative Council Election

8. The election of the fourth term LegCo will be held on 7 September. Currently, we are reviewing the practical arrangements relating to the election, including the subsidy rate of the financial assistance for candidates. We will consult LegCo later.

9. From early April to mid-May, we will launch a publicity campaign to encourage the public who are eligible to register as voters, and to remind registered voters to have their records updated before the end of June.

Further Development of the Political Appointment System

10. On further development of the political appointment system, in December last year, the LegCo Finance Committee approved the creation of 11 positions of Under Secretary and 13 positions of Political Assistant with effect from 1 April 2008.

11. The recruitment process is in progress. We believe that the first batch of appointees can assume duty in a few months' time. If necessary, the politically appointed positions can be filled in phases.

Mainland Affairs

12. In 2008-09, we estimate the expenditure for the Mainland Offices to be \$120 million. If we exclude the one-off provision of some \$8.4 million for the celebration activities for the 10th Anniversary of the Establishment of the HKSAR, the net increase is 9%.

13. In the coming year, the Mainland Offices will continue to enhance liaison with the provincial and municipal governments and local organizations in the Mainland, step up efforts on promoting communications, economic and trade ties, and pursue investment promotion.

14. In recent years, many Hong Kong investors in the Mainland have been quite concerned about certain new initiatives and laws and policies in the Mainland. The Mainland Offices will keep a close watch on the latest development in the Mainland and maintain close contact with the Hong Kong investors with a view to assisting them in obtaining the latest information on business operation in the Mainland, and reflecting issues of their common concern through appropriate channels.

Regional Co-operation

15. Last year, we have attained substantive results in various aspects of Hong Kong and Guangdong co-operation. In particular, we have established a closer co-operation and partnership arrangement with Shenzhen.

16. We will continue to join hands with Guangdong and Shenzhen to press ahead with the construction of large-scale cross-boundary infrastructural projects such as Hong Kong-Zhuhai-Macao Bridge and Hong Kong-Shenzhen-Guangzhou Express Rail Link, assist Hong Kong-owned enterprises in Guangdong to restructure and upgrade, etc.

17. On the Pan-Pearl River Delta Co-operation, the HKSAR Government will continue to strive to promote facilitation of industrial upgrading, restructuring and relocation of Hong Kong-owned enterprises in the region.

World Expo 2010 Shanghai

18. World Expo 2010 Shanghai will provide an excellent opportunity to publicize Hong Kong as a city of quality living and creativity. The HKSAR Government intends to participate in the event by constructing a stand-alone Hong Kong Pavilion and organizing a series of events to promote Hong Kong during the exhibition period.

19. The HKSAR Government has already earmarked \$69 million for the construction of the Hong Kong Pavilion. Other financial implications are being assessed, and the necessary funding approval by LegCo will be sought in due course.

Basic Law Promotion

20. With a view to further enhancing public understanding of the Basic Law, we will double the provision of resources by setting aside \$16 million to organize and sponsor Basic Law promotional activities. This represents an increase of \$8 million over last year's estimates. Together with the resources of other departments, in 2008-09, the estimated expenditure in this regard will amount to \$20 million.

Taiwan-related Matters

21. On Taiwan-related matters, in the last few years, the HKSAR Government has received quite a number of Taiwan officials, academics, as well as individuals and organizations from the political circles and different sectors in Taiwan, including those who are from both the Pan-Blue camp and Pan-Green camp.

22. Regarding the work in 2008-09, I wish to highlight three points.

- (1) We will provide more resources for promoting exchanges between Hong Kong and Taiwan. We have already earmarked \$1.5 million to promote exchanges between the two places, including co-organizing seminars and other activities to enhance cross-strait relations.
- (2) We will take the initiative to invite individuals from different sectors in Taiwan to visit Hong Kong and to brief them on the development of Hong Kong and the implementation of "One Country, Two Systems" in the SAR.
- (3) With a view to enhancing economic and trade co-operation between Hong Kong and Taiwan, the Trade Development Council (TDC) intends to set up an office in Taiwan. The TDC has already filed an application with the Taiwanese side.

Rights of Individual

Race Discrimination Bill and Support Services for Ethnic Minorities

23. On human rights policy front, one of the important tasks is to continue to assist the Bills Committee to scrutinize the Race Discrimination Bill, with a view to resuming second reading within the current LegCo session.

24. Legislation goes hand in hand with support services. We will establish four support service centres in different areas to provide interpretation services for ethnic minorities using public services such as health care services, job centres

and social welfare services. Other activities will also be organized to help the ethnic minorities integrate into our community. We will earmark \$16 million as the operating expenses of these centres and allocate an additional \$8 million to subsidize their start-up cost.

Others

Registration and Electoral Office

25. We propose to allocate \$352.7 million to the REO, which is about 47% higher than the revised estimate of the previous financial year. The increase is necessary primarily because more funds are needed for conducting the 2008 LegCo election. Part of the increase in expenses is offset by the completion of the 2007 District Council election and 2007 LegCo By-election.

Equal Opportunities Commission

26. We also propose to allocate \$73.5 million to the EOC for it to perform its functions under the existing anti-discrimination ordinances and to promote equal opportunities.

Office of the Privacy Commissioner for Personal Data

27. As regards the Office of the Privacy Commissioner for Personal Data, we propose to allocate \$39.1 million, which represents an increase of about 8% over the revised estimate of last year. This is needed for stepping up enforcement of the Personal Data (Privacy) Ordinance, as well as strengthening promotion and education work.

28. This concludes my opening remarks. If Members have any questions on the above estimates of expenditures, I will be pleased to answer them.

**Presentation by Secretary for Commerce and Economic Development
at the special meeting of the Finance Committee
on Monday, 31 March 2008**

- The Budget has covered quite a number of policy areas under the scope of communications and technology.
- To brief Members on our key policies and work progress concerned.

Public Service Broadcasting (PSB) / RTHK

- Will continue to review the future development of PSB and conduct a public consultation exercise in due course.
- In the meantime, RTHK will keep up its efforts in providing the community with quality broadcasting services. In the financial year of 2008-09, there is an increase of 7.6% in the overall allocation to support the work to be carried out in the year, which includes the promotion of the Beijing 2008 Olympic Games, production of Legislative Council election programmes, commemoration of the 80th anniversary of broadcasting in Hong Kong as well as the production of digital HDTV programmes.

Review of the provisions of the Control of Obscene and Indecent Articles Ordinance (COIAO)

- The Government has undertaken to conduct a comprehensive review on the provisions of the COIAO.
- We are working in full gear to study and review the Ordinance and we will consult the public extensively in the second half of 2008. During the study and review process, we will work closely with the stakeholders to hear their views.

Telecommunications Services

- We have announced earlier on to release radio spectrum by auction within this year for the provision of broadband wireless access (BWA) services. We plan to table the necessary subsidiary legislation at the Legislative Council shortly.

- The public consultation on the proposed creation of Unified Carrier Licence has been completed and we are now considering the views received. We aim to table the necessary subsidiary legislation at the Legislative Council within this legislative session to pave the way for the development of fixed-mobile convergence.

Film Services

- The film industry is the flagship of the creative industries in Hong Kong. We will continue to support the development of the local film industry and the work of the Film Development Council (FDC).
- The FDC has started to receive applications in late 2007 for financing small-to-medium film productions under the Film Development Fund (FDF). Two applications have been approved to date. It is hoped that the FDF can help revitalise the Hong Kong film industry.

Information Technology

- The latest “Digital 21 Strategy” promulgated at late 2007 aims at building a digitally inclusive society. A pilot programme in setting up district cyber centres will be launched in partnership with the private sector and community organisations. It will enable the grass roots to gain access to and use the rich pool of information technology and services in the cyber space.
- We are going to establish a Task Force on Digital Inclusion to formulate strategies and initiatives in order to tackle the digital divide in a more holistic manner.
- The Government Wi-Fi Programme announced last year has met with enthusiastic response from the private sector service providers. So far, there are more than 6 400 Wi-Fi hotspots in 4 100 Wi-Fi zones across the territory. We have just rolled out the free Wi-Fi services at some 30 Government venues and will extend to 350 venues by mid-2009.
- In the light of the importance of information security, we find it necessary to review the long-term arrangement of the provision of computer emergency response coordination services in Hong Kong. The review will be completed in this year.

Creative Economy

- We have taken up the responsibility of overseeing the formulation of the policy of developing the creative economy in Hong Kong under the leadership of the Financial Secretary. We will formulate an overall

strategy in speeding up the development of the local creative industries. Meanwhile, we will continue to work with the local creative industries to carry out promotions abroad and in the Mainland to explore business opportunities and new markets.

- We will participate actively in the 2010 Shanghai Expo in collaboration with the local creative industries. We will ride on this opportunity to promote Hong Kong's position as a creative capital.

Innovation and Technology

- We will continue to provide impetus to research and development work through the Innovation and Technology Fund, to strengthen co-operation with the Mainland and to enhance the overall innovative culture in the community targeting teenagers and students so as to support the development of the creative industries.

Digital Terrestrial Television (DTT) Broadcasting and Mobile Television Services

- DTT broadcasting was officially launched in Hong Kong at the end of 2007. The two free-to-air television broadcasters now provide a total of 13 free digital channels which bring to viewers a wider array of information and entertainment as well as a brand new audio-visual experience. We will work closely with the two broadcasters to speed up the network construction so that we can meet the target of extending the coverage to 75% by August 2008.
- We are now consulting the public on the development of mobile television services. It is hoped that spectrum auction can be held in early 2009. We will seek to promote the development of digital audio broadcasting through the rollout of mobile television services.

**Presentation by Secretary for Commerce and Economic Development
at the special meeting of the Finance Committee
on Monday, 31 March 2008**

- The Budget has included many matters within the policy area of commerce and industry.
- To set out the progress and content of key policies.

Assistance to Hong Kong Enterprises Operating in the Mainland

- Last year, the Mainland has introduced a number of new policies and legislation which affect Hong Kong enterprises operating in the Mainland.
- The Government understands the concerns of Hong Kong enterprises. We will continue our close liaison with the trade and Mainland authorities with a view to reflecting the views of the trade and assisting enterprises to adapt to new policies and legislation. However, I wish to emphasize that upgrading, restructuring and relocation are national policies. Hong Kong enterprises should take proactive steps to accommodate.
- We have taken actions to assist Hong Kong enterprises. These include :
 - establishing relevant task forces to enhance communication;
 - leading the trade to visit the central and western regions, such as Chenzhou of Hunan and Ganzhou of Jiangxi, with a view to assisting them to study the feasibility of relocating their enterprises; and
 - through close liaison with the trade and Mainland authorities, securing a stable supply of flour to Hong Kong from the Mainland, and clarifying issues relating to tariff exemption, etc.

Facilitate Development of Wine-related Business

- We are making good preparations for the duty reduction on wine, including :
 - rendering assistance to LegCo in its scrutiny and passage of the related legislative amendment bills;
 - synchronizing the work in different areas, such as trade development, inward investment and tourism, etc, to facilitate the development of wine-related business; and

- examining with the industry possible facilitation measures in areas such as manpower training and storage facilities.
- Our objective is not only to benefit the consumers, but also to give Hong Kong added room to capitalize on the growing wine market in the region, particularly demands from the Mainland.

Competition Law

- The Government is determined to maintain a free and competitive business environment. As regards the introduction of the cross-sector competition, we will issue a detailed consultation paper in April, so that stakeholders can better understand the likely content and impact of the law.
- We will carefully consider feedback on these proposals before introducing a draft Bill in the 2008-09 legislative session.

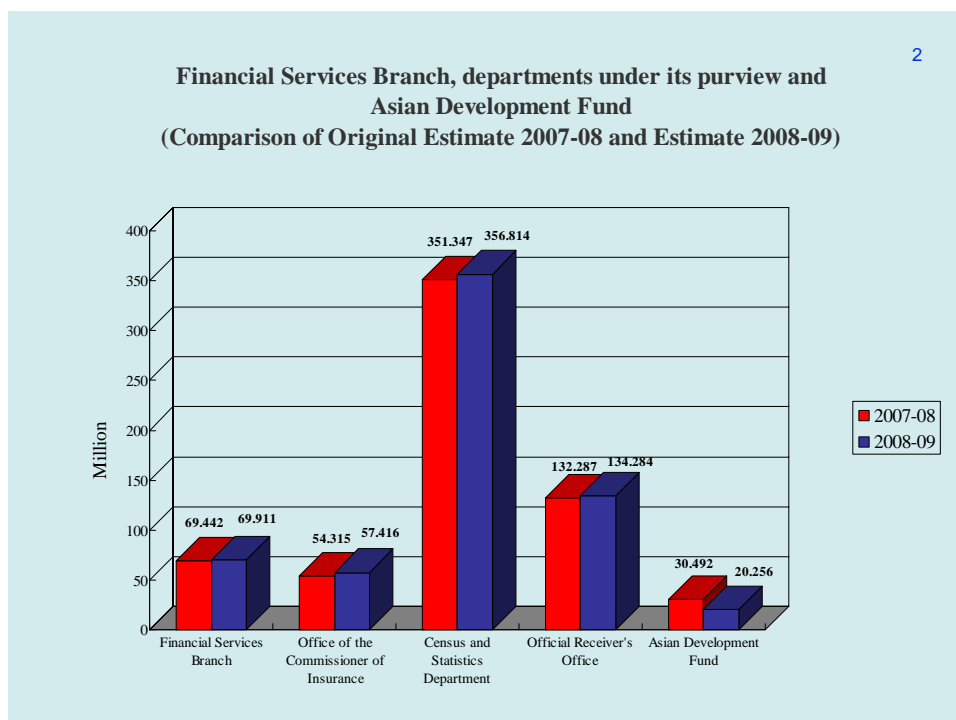
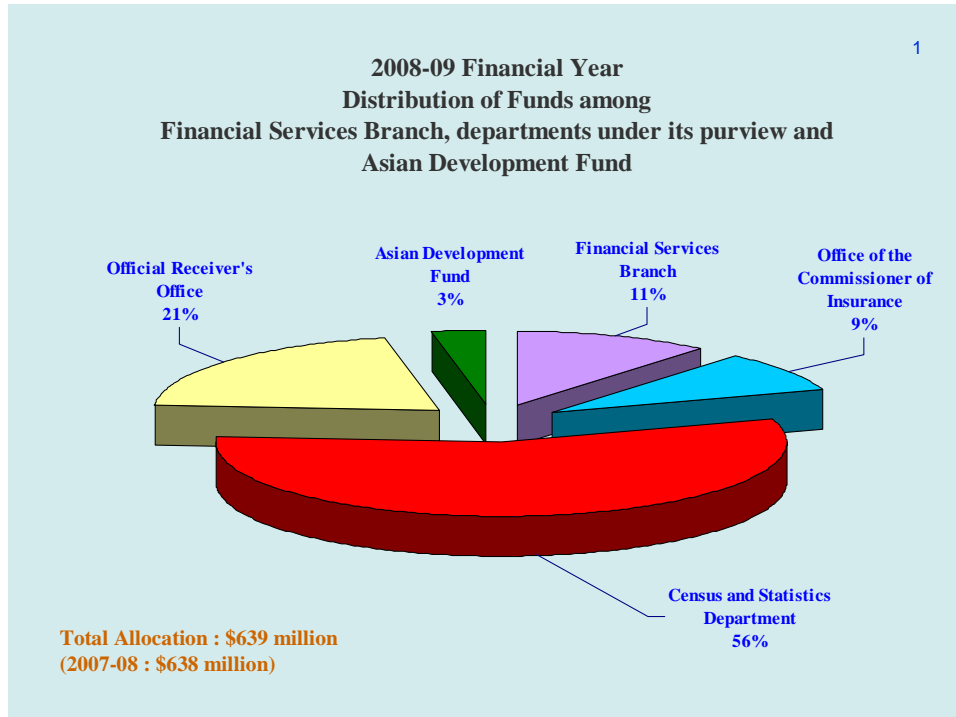
Protection of Consumer Interest

- To enhance consumer protection, we have earlier introduced the Trade Descriptions (Amendment) Bill into the Legislative Council to combat false and misleading trade descriptions. We hope the Amendment Bill can be enacted soon.
- The Consumer Council has just submitted a report on the review of consumer protection legislation. The key recommendations include introducing a new statute to tackle undesirable trade practices.
- We are examining the recommendations in detail. We will then consult the public and decide on the way forward.

Additional Allocation for Development of MICE Tourism

- In the 2008-09 Budget, the Financial Secretary has earmarked an additional \$150 million to step up efforts in promoting Hong Kong as an international convention and exhibition capital. We will seek to host more mega international conventions and exhibitions.
- Hong Kong Tourism Board (HKTB) has accumulated valuable experience and developed extensive networks in attracting MICE events to Hong Kong. In 2008-09, we therefore propose to allocate an additional \$30 million to HKTB for providing one-stop professional support for MICE events.
- The HKTB briefed the LegCo Panel on Commerce and Industry on 18 March on its promotion strategies on this front.

**Presentation by Secretary for Financial Services and the Treasury
at the special meeting of the Finance Committee
on Monday, 31 March 2008**



2008-09 Financial Year
Major Policy Initiatives of Financial Services Branch

Objective : Consolidating Hong Kong's position as an international financial centre and positioning Hong Kong as the international financial centre of China

- (I) Enhancing regulatory system
- Rewrite of Companies Ordinance
 - Review of the Trustee Ordinance
 - Setting up of an independent Insurance Authority

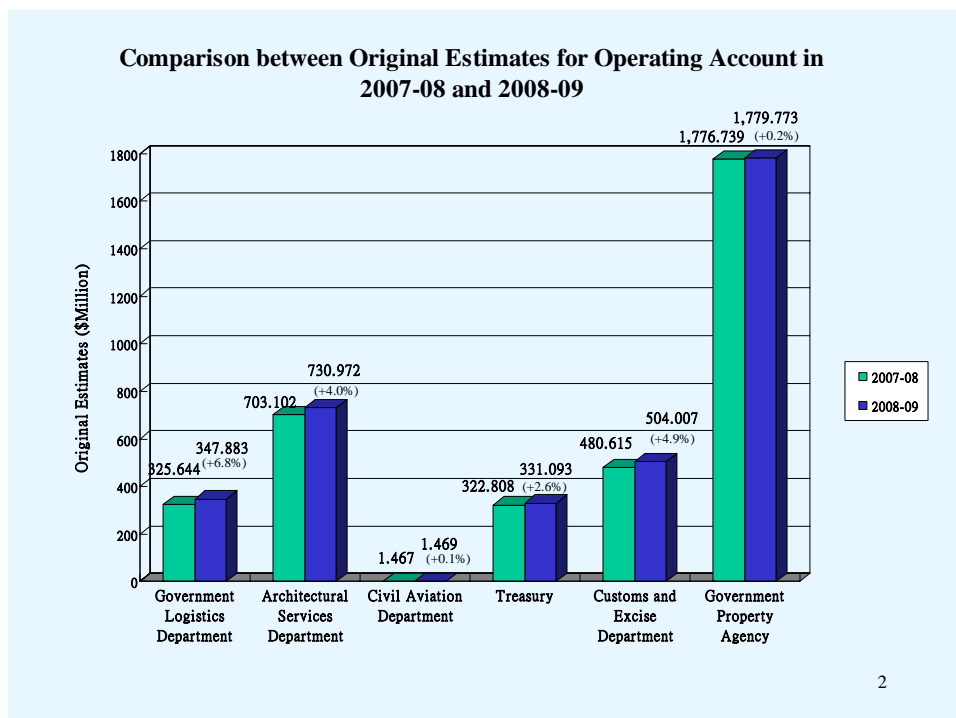
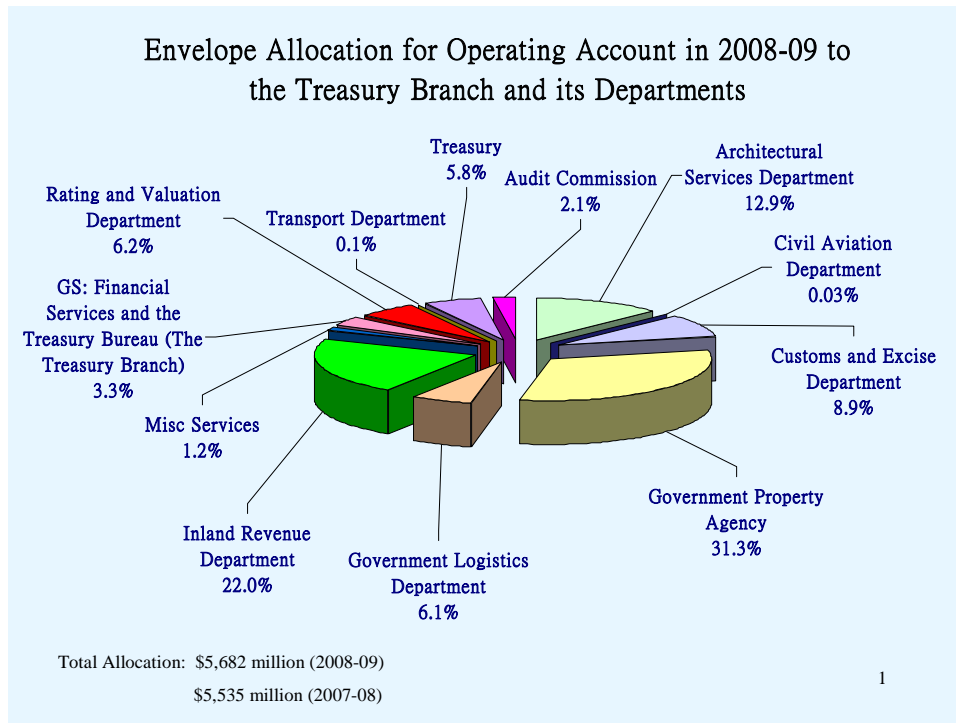
2008-09 Financial Year
Major Policy Initiatives of Financial Services Branch

- (II) Promoting market development
- Promoting asset management business
 - Advancing financial cooperation with the Mainland
 - Stepping up the promotion of Hong Kong's strengths as a capital formation and investment platform to the rest of the world
 - Developing the Islamic finance

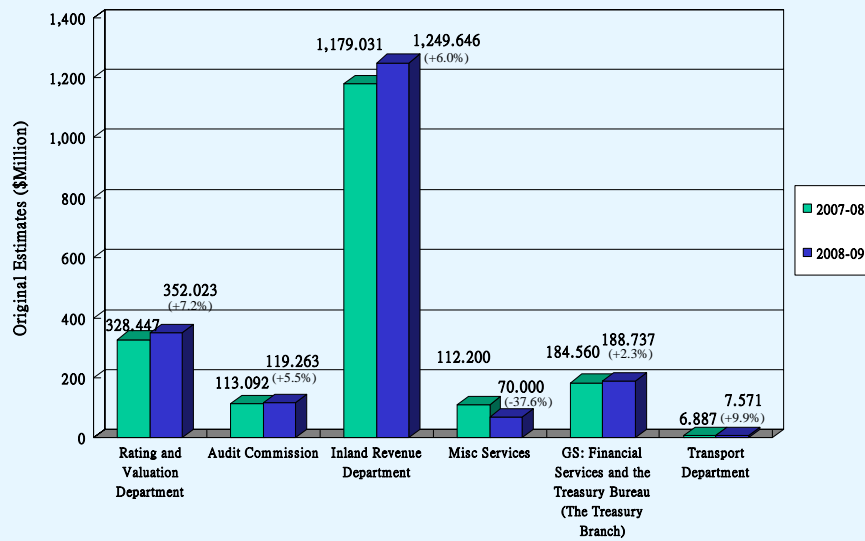
Budget Proposal

- Government to make a one-off injection of \$6,000 into the eligible accounts of MPF and occupational retirement schemes

**Presentation by Secretary for Financial Services and the Treasury
at the special meeting of the Finance Committee
on Monday, 31 March 2008**



Comparison between Original Estimates for Operating Account in 2007-08 and 2008-09 (Cont'd)



3

Major Tasks

- Management of public finances prudently by –
 - keeping expenditure within the limits of revenues
 - maintaining a low and simple tax regime
 - following the direction of “Market Leads, Government Facilitates”

4

**Presentation by Judiciary Administrator
at the special meeting of the Finance Committee
on Tuesday, 1 April 2008**

The Judiciary has the constitutional responsibility to administer justice fairly and impartially. Its mission is to maintain an independent and effective judicial system which upholds the rule of law, safeguards the rights and freedoms of the individual, and commands confidence within and outside Hong Kong. In the financial year 2008-09, a total provision of \$1,044.8 million is sought to enable the Judiciary to achieve its objectives.

Budgetary Arrangements for the 2008-09 Draft Estimates

2. In accordance with the budgetary arrangements agreed between the Judiciary and the Administration in 2005, the Judiciary submitted its resource requirements for 2008-09 to the Administration in July 2007, prior to the Administration drawing up the operating expenditure envelope for the Judiciary. Based on the experience of the past three exercises, the Judiciary considers that the above budgetary arrangements are working satisfactorily, and the Administration has been helpful in the process.

3. The draft Estimates of 2008-09 for the Judiciary, amounting to \$1,044.8 million, represents an increase of \$114.6 million, or 12.3%, over our revised estimates for 2007-08. This would provide adequate resources for the Judiciary to engage additional judicial manpower to help improve waiting times in pressure areas, and additional staff to provide support to the increased level of judicial and registry services.

Enhancement of the Establishment of the Judiciary

4. Having regard to the workload and waiting times in the past few years, the increasing complexity of the cases and the actual manpower situation including the continual requirements for a considerable number of Deputy Judges and Judicial Officers, the Judiciary has included in the draft Estimates of 2008-09 financial provisions to enhance the establishment of the High Court, District Court and the Family Court.

5. As regards the High Court, it is proposed that one additional Justice of Appeal and five additional Court of First Instance Judge posts will be created. Together with the continued engagement of a correspondingly reduced level of deputy judicial resources, this will help keep the waiting times at the High Court within targets.

6. As regards the District Court and the Family Court, it is proposed that one District Judge post in the Family Court would be upgraded from Judicial Service Pay Scale 13 to 14 as Judge-in-charge of the Family Court, and that one additional District Judge post would be created for the Family Court. This will help address the pressure of work in the Family Court and keep its waiting times within targets.

7. In addition, it is also proposed that an additional Deputy Registrar post would be created to help address the increasing workload of the Masters' Office of the District Court.

8. It is also proposed to create an additional 53 civil service posts to provide support to the increased level of judicial services, and enhance the administrative support to the Judiciary.

Continued Deployment of Additional Temporary Judicial Resources

9. As in the past few years, the Judiciary will continue to engage and deploy temporary judicial and support staff resources to help reduce waiting times in pressure areas. In 2007-08, we paid particular attention to the Lands Tribunal and the Magistrates' Courts, and have been deploying additional temporary judicial resources to these two pressure areas since the latter half of 2007-08. With the injection of additional temporary judicial resources, we have seen improvements in waiting times recently.

10. In the Lands Tribunal, the average waiting time for compensation cases has reduced from 141 days in 2007 to 117 days for the period between September 2007 and February 2008. For the Magistrates' Courts, the waiting times for charge cases, including custody and bail cases, for the period between September 2007 and February 2008 are now within targets and the waiting time for summons has also reduced from 95 days in 2007 to 74 days for the same period.

11. The Judiciary will continue to monitor the waiting times at all levels of courts closely, and deploy necessary resources with a view to keeping the waiting times within targets. The Judiciary has included in the 2008-09 Draft Estimates financial provisions for the engagement and deployment of temporary judicial and support staff resources for this purpose.

Civil Justice Reform

12. The Civil Justice Reform continues to be an important area of our work. In 2007-08, much progress has been made. The Civil Justice (Miscellaneous Amendments) Bill 2007 was introduced into the Legislative Council in April 2007, and passed in January 2008. The Ordinance was gazetted in February 2008. Since February 2008, the Subcommittee on Draft Subsidiary Legislation Relating

to the Civil Justice Reform set up by the Legislative Council has commenced scrutinizing the draft subsidiary legislation. We aim to complete the legislative process within the current legislative session, and implement the reform on 2 April 2009. Meanwhile, the Judiciary will continue to prepare for the implementation of the reform including the provision of infrastructural support and training for Judges and Judicial Officers and support staff.

Conclusion

13. The Judiciary will continue to explore areas for further improvements to enhance access to justice and to provide quality services to court users and members of the public.
14. Thank you.

**Presentation by Secretary for Justice
at the special meeting of the Finance Committee
on Tuesday, 1 April 2008**

Chairman and Members, Good Afternoon,

The Department of Justice performs the important functions of upholding the rule of law, making decisions in respect of prosecutions free from any interference and providing efficient and effective legal service to the Government. We also seek to improve the present legal system. Our work is delivered through five programmes areas, namely: Prosecutions, Civil, Legal Policy, Law Drafting and International Law. For 2008-09, our estimated expenditure amount to \$949.2 million. Let me highlight some of our major activities.

Programme 1 – Prosecutions

2. In the year ahead, we shall continue to prosecute cases firmly and fairly, in accordance with established prosecution policy guidelines, and to account for our decisions in a way which is transparent and just.

3. We will seek to develop closer co-operation with the prosecutors of the world at the international level, and shall use our membership of the International Association of Prosecutors, and of its Executive Committee, to promote more effective anti-crime strategies. Through constructive liaison with our counterparts in other jurisdictions, we will hone our capacity to combat all types of crime, whether traditional or new.

4. We will pursue our programme to promote better community engagement. Meetings with victims groups will be used to explain our practices when necessary, and victims of crime will be informed of the progress of cases and consulted as part of the decision-making process. Liaison with law enforcement agencies will be conducted at the strategic level in the interests of forward planning, and at the operational level in the interests of effective case preparation. Prosecution practice and procedure will be explained through publications, interviews and lectures, and we shall do all we can to make the public more aware of what we do and why.

5. New prosecutors will arrive during the year, and they will receive intensive training in all aspects of prosecutorial responsibility. We are committed to ensuring that they fully appreciate the standards to be expected of the modern prosecutor, and the extent to which they must at all times apply the

highest levels of professionalism. At the same time, our programme of continuing legal education for existing prosecutors will proceed apace.

Programme 2 – Civil

6. The Civil Division provides litigation support and advisory services to Government bureaux and departments as may be required on a wide range of civil law issues. Last year we experienced a challenging year in terms of volume and complexity of work.

7. In 2008, on civil litigation, we expect a continuing trend of increasing workload in terms of civil proceedings were brought by and against the Government. The number of judicial review proceedings raising constitutional law and human rights issues, Government rent appeals are expected to remain on the rise.

8. On the Civil Advisory side, the workload in terms of the size and significance of matters is expected to remain substantial in 2008. Some of the more significant civil advisory matters include the on-going reform of the Companies Ordinance, the regulation of television broadcasting and telecommunications, the legislation to establish and in due course to implement the West Kowloon Cultural District Authority, and advice concerning the continued operation of the Disney Theme Park are some examples on the agenda.

Programme 3 – Legal Policy

9. In a common effort of the consultants and Consultative Committee members, the consultancy study on the demand and supply of legal services was completed at the end of January 2008. In the meantime, we are finalising the Chinese version of the report and aim to publish it in the first half of 2008. The findings of the consultancy study will help us understand the present demand for, and supply of, legal and related services in Hong Kong, and will provide reference information for stakeholders in the legal field when examining how best the gap could be filled.

10. The liberalisation of the Mainland markets has created a strong demand among Mainland enterprises and foreign investors in the Mainland for high standard legal services. The Legal Policy Division has been keeping abreast of this development and has initiated specific measures to facilitate the resolution of cross-boundary civil and commercial disputes. Towards this end, I am pleased to note that the second Reading of the Mainland Judgments (Reciprocal Enforcement) Bill will be resumed later this month. The passage of the Bill will make enforcement of certain Mainland court judgments, in accordance with the provisions of the REJ Arrangements, easier and less costly. I take this opportunity to thank the Bills Committee for their hard work in scrutinising the Bill.

11. In the coming financial year, the Legal Policy Division will continue to dedicate effort to promote alternative dispute resolution in Hong Kong, with a view to further enhancing Hong Kong's position as an ADR hub. As stated in our Policy Agenda, we have been forging closer ties with international arbitral bodies. Members will be aware that the International Chamber of Commerce decided in early March to open a branch of the Secretariat of its International Court of Arbitration in Hong Kong. The branch secretariat, the first in Asia, will have a case management team to administer cases in the region under the ICC Rules of Arbitration. It is expected to be fully operational by the end of the year. The ICA's presence will enhance the provision of arbitration services in Hong Kong. Furthermore, the Department of Justice has recently published a Consultation Paper on reform of the law of arbitration in Hong Kong and draft Arbitration Bill. The reforms proposed in the Consultation Paper and reflected in the draft bill, will improve our legal infrastructure for arbitration services.

12. Using mediation has become a global trend in the resolution of disputes. In this connection, I have set up a Working Group to make recommendations on how mediation can be more effectively and extensively used to resolve disputes in Hong Kong. The Working Group had its first meeting in February 2008, and in the coming financial year, it will continue to examine the issues in greater detail.

Programme 4 – Law Drafting

13. The Law Drafting Division will continue to provide efficient law drafting services with professionalism to the Government. In the coming year, under the leadership of our new Law Draftsman, Mr Eamon Moran, QC efforts will also be placed on training and professional development of colleagues in the Division.

Programme 5 – International Law

14. In the coming year, the International Law Division will continue to provide advice on international law issues, negotiate international agreements or contribute as legal advisers in negotiations and handle requests for international legal co-operation to bring benefits to the HKSAR. We will also continue to handle and co-ordinate requests to and from the HKSAR concerning surrender of fugitive offenders, mutual legal assistance and transfer of sentenced persons.

15. Hong Kong has a good record of implementing the Hague Conventions applicable to the HKSAR and we have also participated actively in the work of the Hague Conference on Private International Law ("Hague Conference") as members of the Chinese delegation. In collaboration with the Permanent Bureau of the Hague Conference, we will be jointly hosting the Third Asia Pacific Regional Conference in September this year, which aims at enhancing awareness of the work of the Hague Conference, improving legal cooperation and strengthening the networking among authorities at a regional level.

Expenditure

16. As mentioned earlier on, the financial provision for the whole Department for 2008-09 is \$949.2M which is 9.0% (or \$78.4M in dollar terms) higher than our revised estimated expenditure for 2007-08 (which is \$870.8M). This increase is mainly due to the creation of 26 non-directorate posts at the Senior Government Counsel and Government Counsel level together with supporting staff to cope with increasing demand for legal services.

17. We will continue our practice of briefing out cases to private sector lawyers where appropriate. Our total provision for briefing-out expenditure in 2008-09 is \$178.6M, which is 6.2% higher than the corresponding 2007-08 revised estimates of \$168.1M.

Staffing

18. In 2007-08, 29 new Government Counsel have joined the Department. This year, we have conducted another recruitment exercise with 29 candidates recommended for appointment to fill existing and anticipated government counsel vacancies.

Conclusion

19. The above outlines the major work in the Department in the coming financial year. My colleagues and I will be pleased to provide further information Members may require on our estimated expenditure for 2008-09.

20. Thank you.

**Presentation by Secretary for Security
at the special meeting of the Finance Committee
on Tuesday, 1 April 2008**

Chairman,

- In the draft Estimates for the new financial year (2008/2009), the allocation on the security policy area group is \$28.4 billion, representing 9.1% of the total government expenditure. The two policy areas of Internal Security and Immigration Control under my responsibility will account for \$24.7 billion.

Law and Order

- In 2007, the overall crime figure registered a mild decrease of 0.4% while the violent crime figure slightly increased by 0.6% as compared with 2006. Despite the increase in the violent crime figure, the number of many serious crimes — including burglaries, blackmail, bank robbery, robberies as a whole and homicide — decreased. Overall speaking, the law and order situation has remained stable but the Police will as always remain alert and vigilant.
- The major operational targets of the Commissioner of Police for 2008 include combating violent crimes, triad activities, “quick-cash” crimes, terrorism, trafficking and abuse of dangerous drugs, offences related to visitors and illegal immigrants, and road safety. And in view of the 2008 Olympic and Paralympic Equestrian Events, the Police will adopt a multi-agency approach and an effective operational strategy to manage the equestrian events and develop appropriate contingency plans, to ensure the smooth running of the events while at the same time maintaining effective day-to-day police service.
- Since the 911 incident, terrorist activities occurred throughout the world from time to time. Facing the changing international security situation, Hong Kong should remain vigilant and get prepared and equipped for possible emergency situations by enhancing its anti-terrorist capability and resources, and maintaining a good grasp of the developing situation. For this, the Police will provide additional manpower to set up a dedicated financial intelligence team for the fight against terrorist financing and the financing of weapons of mass destruction, as well as to enhance liaison, cooperation and intelligence exchange with the consular posts and officially-recognized representatives in Hong Kong. On the other hand, the Police will also provide additional front-line staff to strengthen the operational capability in new development areas. These measures would not only provide greater protection to Hong Kong citizens in respect of personal safety, but would also

increase the trust of the consular community as well as foreign investors and travellers in the security of the territory.

Immigration Control/ Customs Services

- We will continue to improve our services through the use of information technology. The Immigration Department is preparing to extend the e-Channel facilities at the airport to frequent visitors on a trial basis from the second quarter of 2008.
- Since its implementation in July 2003, the Individual Visit Scheme (IVS) has been extended gradually and currently covers 49 Mainland cities¹. Over the years, more than 27 million Mainland residents have visited Hong Kong under the Scheme, bringing considerable benefits to the tourism, retail and related sectors. The Government will continue to ensure corresponding measures to facilitate entry of IVS visitors, such as the smooth operation of control points.
- On the entry of talent, Hong Kong admitted more than 34 000 talent and professionals through various relevant admission arrangements in 2007, marking an increase by nearly twofold over 2003.
- Under the Capital Investment Entrant Scheme introduced in October 2003, up to 1 March 2008, 1 963 applicants have been granted formal approval for residence in Hong Kong. Their total investment reaches some HK\$13.95 billion, or on average HK\$7.11 million per entrant which exceeds the minimum requisite amount of HK\$6.5 million.
- Moreover, the Quality Migrant Admission Scheme was introduced in June 2006. Pursuant to a review conducted in mid 2007, adjustments to the scheme were introduced in January 2008. So far, 398 places have been allotted to applicants from a wide array of professions.
- In cope with the commissioning of Shenzhen Bay Control Point and Lok Ma Chau Spur Line Control Point, the Immigration Department recruited 480 new staff in the last fiscal year. In 2008/09, the Immigration Department will further create 48 new posts to cope with the rapidly increasing number of visitors and facilitate entry of professionals and talent. The Immigration Department will continue to pursue efficient use of existing resources in future through flexible redeployment, greater use of information technology and streamlining of procedures, with a view to delivering high quality services to the public and visitors.

¹ 21 cities in Guangdong, Beijing, Shanghai, Fuzhou (urban area only), Xiamen, Chuenzhou, Nanjing, Suzhou, Wuxi, Hangzhou, Ningbo, Toizhou, Chongqing, Tianjin, Shenyang, Dalian, Chengdu, Jinan, Nanning, Nanchang, Changsha, Haikou, Guiyang, Kunming, Shijiazhuang, Zhengzhou, Changchun, Hefei and Wuhan.

Public Safety

- To further enhance the fire safety standards of pre-1987 composite and domestic buildings, we will pragmatically enforce the Fire Safety (Buildings) Ordinance, which commenced operation on 1 July 2007. We will continue to inspect and enhance the fire safety measures of those buildings in phases, render appropriate financial and technical assistance to the concerned property owners in collaboration with relevant government departments and public agency, and assist those owners in carrying out the necessary fire safety improvement works. At the same time, we will step up the inspection of fire service installations and ventilation systems of new buildings, on a random sampling basis, to ensure the fire safety of these buildings.
- As regards the emergency ambulance service, we have already strengthened our publicity efforts to encourage its appropriate use. We will continue to study the feasibility of introducing the ambulance priority dispatch system in Hong Kong to ensure that those in genuine need could be better taken care of. We will also continue to review the resources for emergency ambulance service.

Custody and Rehabilitation of Offenders

- CSD has been implementing a series of measures to address the problems of outdated penal facilities and overcrowding in some of our penal institutions. The new Lo Wu Correctional Institutions are expected to commence operation in 2010, providing about 1 400 penal places. We will continue to consider other possibilities, including the option of redeveloping the existing institutions at Chi Ma Wan, to address the problems of outdated penal facilities and overcrowding in some of our penal institutions.
- We will continue to work in partnership with various sectors of the community to help rehabilitated offenders re-integrate into society. To appeal for community acceptance and support for rehabilitated offenders, public education and publicity activities will be organised. In addition, CSD will continue to take forward the Risks and Needs Assessment and Management Protocol for Offenders to improve the management and rehabilitation of offenders.

Countering the Menace of Drugs

- We are very concerned about the drug abuse problem, in particular psychotropic substance abuse among the youth. Following in-depth studies of the problem over the past few months, the Task Force on Youth Drug Abuse led by the Secretary of Justice has devised a series of initial measures that can be implemented in the short to medium term. This will account for about \$53 million of additional expenditure in 2008-09. The Task Force will

continue its deliberations in the coming months with a view to drawing up further proposals to tackle the problem in a long-term and sustainable manner. In June 2008 we plan to launch a territory-wide campaign to mobilise various sectors of the community to join the anti-drug cause. We will spare no efforts and collaborate with various sectors of the community to combat drug trafficking and abuse with a multi-pronged approach.

Combating Money Laundering and Terrorist Financing

- At the international level, we will continue to participate actively in the work of the Financial Action Task Force on Money Laundering and the Asia/Pacific Group on Money Laundering and contribute towards the global fight against money laundering and terrorist financing. Within Hong Kong, we will focus on completing the “Mutual Evaluation” (ME) on Hong Kong being conducted by the Financial Action Task Force on Money Laundering. We will continue to engage the various sectors concerned in further raising their awareness, enhancing our regime and meeting the latest international standards.

Chairman, this concludes my opening remarks. My colleagues and I will be happy to answer questions from Members.

**Presentation by Secretary for Labour and Welfare
at the special meeting of the Finance Committee
on Wednesday, 2 April 2008**

Welfare and Women

Chairman and Honorable Members,

Recurrent spending on social welfare in 2008-09 is \$37.8 billion, representing an increase of \$3.8 billion (+11.2%) over the Revised Estimate last year. It accounts for 17.6% of government's recurrent expenditure and is the second largest spending item after Education. Let me highlight how our Bureau is going to make use of these additional resources.

Social Security

2. We have to ensure the sustainable development of our non-contributory social security system, which is funded entirely by the general revenue. The combined share of the Comprehensive Social Security Assistance (CSSA) and Social Security Allowance (SSA) in the total recurrent government expenditure has increased from 8.8% in 1997-98 to 11.9% in 2007-08. The number of recipients has risen from 820 000 (March 1998) to 1 090 000 (February 2008), representing an increase of 40%. The estimated expenditure of these two schemes in 2008-09 amounts to \$26.2 billion.

3. The Administration proposes to provide an additional month of CSSA standard rate payments and Disability Allowance to share the fruits of our economic prosperity with the recipients. The financial implication of this one-off measure is \$1.2 billion, benefiting 620 000 recipients.

4. The Administration is very concerned about the impact of the recent rise in inflation on CSSA households. Apart from the additional one-month CSSA standard rate payments, we also propose to adjust the CSSA standard payment rates in accordance with the existing mechanism ahead of the normal schedule this year to ease the impact of inflation on the recipients. This measure will increase government expenditure on CSSA payments when inflation rises and benefit some 500 000 CSSA recipients.

The Elderly

Old Age Allowance (OAA)

5. To share the fruits of our economic prosperity with over 470 000 OAA recipients, we propose to provide each of them with a one-off grant of \$3,000. This special measure will cost around \$1.5 billion.

6. In view of our ageing population, the Labour and Welfare Bureau (LWB) will conduct an in-depth study on how best to improve the OAA scheme. We hope that a sustainable and affordable option for the community can be worked out by the end of the year.

Elder Academies

7. To promote active ageing so that elders could enjoy fruitful lives through engaging in learning, the Pilot Elder Learning Scheme was launched by the Elderly Commission and LWB in early 2007. Altogether 32 elder academies, which are operated by primary/secondary schools in partnership with non-governmental organizations (NGOs), have commenced operation, providing over 5 000 places in the 2007/08 academic year. Our next target is to extend the Scheme to tertiary institutions. Apart from that, we will continue to encourage more primary / secondary schools and tertiary institutions to join this scheme.

Support and Care Services for the Elderly

8. “Ageing in the community” is one of the underlying principles of the Government’s elderly policy. To this end, we facilitate elders to age in the community by providing a wide range of subsidised community care and support services. Subsidised residential care places are also made available to the elderly who are in need but cannot be adequately taken care of at home. In 2008-09, the Government’s estimated expenditure on elderly services, excluding public housing and public health services, will amount to \$3.66 billion, representing an increase of 10.3% compared with the Revised Estimate of last year.

9. It is worth noting that additional recurrent funding of about \$79 million is provided in the 2008-09 Estimate to enhance services for the elderly. These include:

- \$12.0 million to provide 160 additional day care places;
- \$29.8 million to provide 278 additional subsidised residential care places;
- \$19.3 million to provide 180 additional infirmary places in residential care homes for the elderly; and

- \$18 million for District Elderly Community Centres to strengthen their counselling and referral services as well as processing of applications for subsidised long-term care services for the elderly.

10. Besides, the 2008/09 Budget has earmarked one-off funding of \$200 million to launch a new subsidy scheme in the next five years to help elders who live in dilapidated homes and lack financial means to improve their home conditions. The scheme can be launched at the soonest in June 2008.

11. We hope that the above initiatives will foster the promotion of “ageing in the community” and “active ageing”, as well as the provision of “continuum of care”, which are all important concepts advocated by the Administration and the Elderly Commission.

Combating Domestic Violence

12. Over the past few years, the Administration has devoted additional resources to strengthen the support and specialised services for victims of domestic violence. In the coming year, we will further increase the annual recurrent funding by \$40 million to strengthen direct support to victims of domestic violence and families in need, including enhancing the hotline service of the Social Welfare Department (SWD), increasing the capacity of refuge centres for women and residential homes for children, sustaining the effort of the publicity campaign and public education, and enhancing the training of relevant frontline professionals and childcare staff.

More Flexible Child Care Services

13. To strengthen the support to parents who are unable to take care of their children because of work or other reasons, the Administration will allocate additional funding of \$45 million over the next three years to promote various types of child care services that offer greater flexibility and to strengthen day foster care service.

14. In this regard, we will commission NGOs / district organizations to launch a “Neighborhood Support Child Care Project” in 2008-09. The Project will be implemented in phases in five to six districts where the demand for child care services is more pressing. It has two components: centre-based care group and home-based child care service.

15. The operating hours of the new services will be more flexible, including services in the evenings, at some weekends and certain holidays. In order to promote mutual help in the neighbourhood, operators will train up local residents, so that they can become home-based child carers and assist in implementing the centre-based care group service. Fees can be waived for families in financial difficulty.

Creating Posts for Young People

16. In the coming three years, the Administration will provide additional resources totaling \$954 million to create 3,000 three-year Programme Worker posts for young people aged between 15 to 29, so that they can gain work experience and enhance their job-related skills. These will lay a solid foundation for their future development. These posts will be allocated by SWD to 91 of its subvented NGOs.

Rehabilitation

17. On rehabilitation services, the Administration will allocate additional resources amounting to \$360 million annually to continuously enhance the services and support for persons with disabilities (PWDs) to facilitate their integration into society.

18. First, to further encourage PWDs to participate in activities away from home, the Administration proposes to provide an additional monthly transport supplement of \$200 each to recipients of Disability Allowance aged between 12 and 64, and recipients under the CSSA Scheme in the same age group with 100% disability. This proposal, which involves an annual expenditure of \$230 million, will benefit about 96 000 PWDs.

19. At the same time, we will allocate \$96.4 million annually to increase the number of places of various rehabilitation services. These include 300 new pre-school service places, 490 new subsidized residential places and 450 additional day training and vocational rehabilitation places.

20. Furthermore, we will also allocate \$34.7 million annually to re-engineer the existing community support services. Sixteen district-based community support centres will be set up to provide one-stop support services for PWDs and their family members/carers so that they may obtain the required services at the same centre within the district.

21. To strengthen the mental health service in Tin Shui Wai, the Administration plans to set up a new integrated community centre for mental wellness in the district to provide one-stop mental health support services to local residents. This project will entail annual expenditure of \$3.5 million.

22. Apart from recurrent expenditure, the Administration will allocate \$22 million in 2008-09 to acquire eight new Rehabuses and replace 24 old ones to enhance the Rehabus service. The Administration will also continue to subsidise up to 80% of the operating costs of the Rehabus service, and this amounts to an annual expenditure of \$32 million.

Women's Interests

23. In 2008-09, the Administration has earmarked \$21.5 million for promoting women's interests, including allocation of funding for implementing the Capacity Building Mileage Programme to encourage women to pursue life-long learning. The Administration will continue to work closely with the Women's Commission to promote women's interests and well-being.

24. Chairman, this concludes my opening remarks. My colleagues and I shall be happy to respond to questions from Members.

**Presentation by Secretary for Labour and Welfare
at the special meeting of the Finance Committee
on Wednesday, 2 April 2008**

Labour

Chairman and Honorable Members,

Recurrent spending on labour and manpower development in 2008-09 is \$1.1 billion, representing a decrease of \$326 million (-22.4%)¹ over the Revised Estimate last year. It accounts for 0.5% of government's recurrent expenditure. In 2008-09, we will continue to provide a wide range of employment services. We will also strive to promote labour relations, combat illegal employment and wage offences, protect employees' rights and benefits, improve occupational safety and health, and strengthen training and retraining services. Let me highlight how our Bureau is going to make use of our resources.

Promoting Employment

2. The unemployment rate dropped from its peak of 8.5% in mid-2003 to the latest figure of 3.3%, the lowest level in almost ten years. Total employment also surged to over 3.54 million. Last year, the Labour Department (LD) received a record high of almost 560 000 private sector vacancies. In the first two months of this year, it received more than 100 000 private sector vacancies. These figures indicate that the labour market remains active. We will continue to facilitate economic development, thereby creating more employment opportunities in the market.

3. We are always concerned about the employment difficulties faced by residents of remote districts. The pilot Transport Support Scheme introduced last June aims at providing time-limited job search and cross-district transport allowances to encourage needy unemployed and low-income employees living in the four designated remote districts to seek jobs and work across districts. The Financial Secretary has announced the proposed relaxation measures in this year's Budget. Upon approval by the Finance Committee, we will implement the proposed relaxations as soon as practicable so that residents in the four remote districts can benefit. I appreciate Members' wish for further relaxations of the Scheme to cover all districts and to raise the asset limit. But that deviates from the fundamental principles of the Scheme. I appeal for Members' understanding

¹ This is mainly due to the cessation of recurrent subvention of \$384 million for the Employees Retraining Board from the Government.

that we need to assess the effect of the proposed relaxations in the first instance.

4. To promote youth employment, apart from continuing with the “Youth Pre-employment Training Programme” and the “Youth Work Experience and Training Scheme”, LD has also set up two new Youth Employment Resource Centres in Langham Place, Mongkok and Metroplaza, Kwai Fong to provide one-stop advisory and support services on employment and self-employment for youths aged 15 to 29.

5. LD will continue to provide a wide range of employment services and step up publicity on various employment programmes. In particular, we will strengthen our efforts in organising job fairs in remote districts.

Promoting Labour Relations

6. Good labour relations underpin Hong Kong’s social harmony and economic prosperity. Last year, the number of labour disputes and claims handled by LD dropped by 13% as compared to that in 2006. This is the lowest level since 1998. This testifies to our improving labour relations. For labour disputes and claims handled by LD, the settlement rate reached over 70% (71.7%) - the highest since 1994.

7. We will continue with our promotional work in enhancing harmonious labour relations. We will also encourage employers to adopt “employee-oriented” employment measures and put in place family-friendly employment practices. In addition, we will stage roving exhibitions to enhance public understanding of the Employment Ordinance. We will also continue to closely co-operate with the nine industry-based tripartite committees to foster good labour relations.

Protecting Employee’s Rights and Benefits

8. To protect the employment opportunities of local workers, the Administration will continue with rigorous enforcement against illegal employment. In conjunction with the Police and Immigration Department, LD mounted 170 joint operations to combat illegal employment last year. The enforcement and publicity efforts against illegal employment will be further stepped up this year, with particular emphasis on targeting employers of illegal workers.

9. We will also continue with our all-out efforts to combat wage offences at source in order to prevent them from turning into applications for ex gratia payment under the Protection of Wages on Insolvency Fund. In 2007, the number of applications received by the Fund dropped by 36% as compared to 2006. This is an all-time low since 1990. Last year, LD secured a record high of 960 convictions against wage offences, up 22.3% over 2006. We will

continue to strengthen intelligence gathering and evidence collection, and conduct targeted inspections with a view to bringing employers committing wage offences, including company directors and other responsible persons, to justice.

10. We conduct review of labour legislation from time to time in the light of the socio-economic development of Hong Kong. The new provisions of the Employment Ordinance that recognise the treatment, examination and certification given by registered Chinese medicine practitioners have come into effect in December 2006. LD organised a variety of activities last year to assist registered Chinese medicine practitioners, undergraduates majoring in Chinese medicine and employers to get acquainted with the medical functions of registered Chinese medicine practitioners in relation to employees' benefits under labour law. LD will continue to organise promotional activities this year to ensure the smooth implementation of the law.

11. A review of the scope of protection of the Pneumoconiosis (Compensation) Ordinance was completed last year. In January 2008, we introduced an amendment Bill into the Legislative Council to make mesothelioma a compensable disease under the Ordinance. The relevant Bills Committee has completed its scrutiny of the Bill, and the Second Reading debate of the Bill will be resumed next Wednesday (i.e. 9 April 2008). We hope that the proposed amendments will be approved by the Legislative Council and implemented as soon as possible in order that persons suffering from mesothelioma could be accorded the same compensation and benefits as those for pneumoconiotics.

Wage Protection Movement

12. As for the Wage Protection Movement for cleaning workers and security guards ("WPM"), the Administration will continue to solicit the support from different sectors of the community so that more workers will benefit from wage protection before the overall review of the effectiveness of the WPM scheduled for October this year. On the other hand, the Administration has commenced the study on matters relevant to the possible introduction of a statutory minimum wage for cleaning workers and security guards in case the overall review of the WPM in October this year indicates that the voluntary WPM has failed to yield satisfactory results. This is to ensure that a bill on a statutory minimum wage for cleaning workers and security guards could be introduced as early as possible in the 2008-09 legislative session.

Enhancing Occupational Safety and Health

13. The Administration is committed to improving occupational safety and health. The number and rate of occupational injuries have been steadily falling

since 1998. For the first three quarters of 2007², the number and rate of occupational injuries had continuously improved as compared with the same period of 2006. The number of occupational injuries in all workplaces stood at 33 349, a decrease of 6.4% over the corresponding period in 2006. At the same time, the injury rate per thousand employees also dropped from 18.7 to 17.1, down by 8.4%. During the same period, the construction industry recorded 2 313 industrial accidents with an accident rate of 61.4, representing a decrease of 10.9% and 5.1% respectively. In respect of occupational health, there were 177 confirmed cases of occupational diseases in 2007, down by 33% as compared to that in 2006.

14. We will continue to actively promote safety and health at work through enforcement, publicity and education. Last year, LD focused its enforcement and promotional efforts on the safety of machinery and plants of the construction industry (particularly tower crane), by conducting special inspections and organising training courses and seminars to raise the occupational safety and health awareness of the stakeholders. In this financial year, LD will continue to target promotion, publicity and enforcement work at the construction (particularly safety of building repair, maintenance, alteration and addition works and working-at-height) and catering industries.

15. Moreover, LD will further enhance occupational safety and health through setting up a Central Inspection Team to deal with investigation of complaints from workers independently and encourage them to report malpractices in workplace, as well as stepping up the monitoring of mandatory safety training courses.

Training and Retraining Services

16. We will continue to invest in enhancing our training and retraining services to help the local workforce adapt to the changing market needs and manpower requirements of the Hong Kong society.

17. The ERB has earlier completed a strategic review and released a consultation document on its future directions. The consultation period has just ended in end-March. The ERB is currently reviewing the views collected and will later submit its final report and recommendations to the Government.

18. Chairman, this concludes my opening remarks. My colleagues and I shall be happy to respond to questions from Members.

² Compared with 1998, the number of occupational injuries went down by 26.1% to 46 937 in 2006. The injury rate per 1 000 employees also decreased by 31.2% to 18.4 over the same period. Among various industries, the safety performance of the high-risk construction industry continued to make notable improvement. The number of industrial accidents for the construction industry in 2006 stood at 3 400, representing a hefty drop of 82.6% from 19 588 in 1998. The accident rate per 1 000 workers over the same period also dropped from 247.9 to 64.3, down by 74.1%.

**Presentation by Secretary for Education
at the special meeting of the Finance Committee
on Wednesday, 2 April 2008**

Chairman,

The Government has been investing heavily to develop human capital to enhance the quality of our young generation and meet the needs and challenges of a changing economy. Education remains the largest spending area of the Government, both in terms of total expenditure and recurrent expenditure.

2. The total expenditure for the policy area of education for the 2008-09 financial year is estimated at about \$77.3 billion, accounting for 24.7% of total Government expenditure and representing an increase of 40% as compared with the revised estimate for 2007-08, mainly due to the provision of \$18 billion for setting up a Research Endowment Fund in 2008-09 and the implementation of other initiatives to further improve the quality of education.

3. About \$51.1 billion of the total estimated expenditure for education is recurrent in nature, representing a growth of 7% as compared with the revised estimate for 2007-08. Non-recurrent expenditure, including expenditure of Capital Account, Capital Works Reserve Fund and Loan Fund, is about \$26.2 billion. Under the expenditure head of Education Bureau, the estimated expenditure for primary and secondary education will grow by 5% and 10% respectively.

4. With effect from the 2008/09 school year, we shall provide free senior secondary education for all students in public sector schools. The estimated additional expenditure of this initiative will amount to \$1.2 billion per year upon full implementation. In addition, we will provide full subvention for full-time courses offered by the Vocational Training Council for Secondary 3 school leavers.

5. We will continue to provide additional resources for various initiatives to strengthen the support for schools, teachers and students. Specifically, we will –

- improve the ratios of graduate teacher posts in public sector primary and secondary schools to raise the status and professional standards of teachers for enhancement of the overall quality of education. The estimated additional expenditure will exceed \$500 million a year upon full implementation;

- create a new deputy head rank in public sector primary schools at an estimated additional expenditure of about \$60 million a year; and
- provide \$13 million to strengthen the support for non-Chinese speaking students in public sector schools, including increasing the number of “designated schools” to help them implement the School-based Support Scheme for these students and enhancing the rate of subsidy to those “designated schools” with a higher intake of non-Chinese speaking students.

6. We will also implement small-class teaching in public sector primary schools in phases starting from the 2009/10 school year. In the coming months, we will draw up plans for the professional development of teachers and the provision of school-based support to help schools make best use of the reduction in class size to enhance teaching and learning. In this regard, we have started initial discussions with the teacher training institutions, and will create time-limited teacher posts to support schools in their preparation for small class teaching.

7. The new academic structure for senior secondary education and higher education is scheduled to start from the 2009/10 school year. In the next couple of years, it will remain top focus of the education sector to bring the new academic structure into operation. We will continue to keep a close dialogue with the school sector and the tertiary institutions to ensure smooth implementation. We have earmarked about \$500 million in the 2008-09 financial year to support the preparatory work for the new academic structure.

8. On pre-primary education, we will further implement the Pre-primary Education Voucher Scheme (PEVS) to provide direct fee subsidy for parents of eligible children, and financial support for professional upgrading of kindergarten principals and teachers. In the 2008/09 school year, the estimated expenditure for PEVS is about \$1.8 billion. We expect over 120 000 students to benefit from the scheme, and the fee subsidy for each student will increase from \$10,000 to \$11,000.

9. In the tertiary education sector, we have earmarked \$18 billion in the 2008-09 financial year to set up a Research Endowment Fund to replace and augment the existing annual funding to the Research Grant Council of the University Grants Committee. We will also provide 800 additional publicly-funded places for postgraduate research programmes in phases from the 2009/10 school year. This will incur additional expenditure of about \$300 million a year. The above initiatives affirm the Government’s continued support to research work to drive the further development of Hong Kong and enhance our competitiveness as a globalised, knowledge-based economy.

10. Chairman, my colleagues and I will be happy to answer questions from Members.

**Presentation by Secretary for Transport and Housing
at the special meeting of the Finance Committee
on Wednesday, 2 April 2008**

Chairman,

I would like to brief Members on the Government's major initiatives on housing in the new financial year.

Supply of Public Housing

2. On public rental housing, the Government and the Hong Kong Housing Authority will continue to identify suitable land and monitor the progress of supply of public housing sites to ensure an adequate land supply for public rental housing development. In the planning process, the Housing Department will liaise closely with the departments and local communities concerned to ensure a smooth implementation of the public housing programme, with due regard to the development needs of the districts concerned. In the next five years, we believe that there will be an adequate supply of public housing to maintain the average waiting time for general applicants for public rental housing at around three years.

Appeal Panel (Housing)

3. In the new financial year, we propose to provide additional resources to the Appeal Panel (Housing) for processing appeals lodged by tenants against termination of leases. We will implement measures such as strengthening staffing support to the Appeal Panel Secretariat, increasing the number of Panel Members and arranging more hearing sessions to expedite the processing of appeal cases and reduce the waiting time for hearing.

Private Property Market

4. On the private residential property market, we will continue our efforts to maintain a fair and free environment to allow a stable development of the market. In addition, we will continue to closely monitor the operation of the developers' self-regulatory regime for the sale of uncompleted flats, in order that accurate market information would be made available to property buyers. We will also maintain liaison with the Real Estate Developers Association of Hong Kong, the Consumer Council and the Estate Agents Authority to jointly explore ways to further enhance the transparency of the property market.

5. With the recovery of the economy in the recent years, the property prices and the number of transactions of private residential properties have been on the rise. Some Members have expressed concern over the situation and suggested that the Government should consider relaunching some previous subsidized home ownership schemes such as the Home Ownership Scheme and the Home Assistance Loan Scheme to promote home ownership. I appreciate Members' concern in this respect but would also like to point out that since 2002, the housing policy of the Government has been to concentrate land and financial resources on providing public rental housing for low-income families that cannot afford private rental housing. Since the implementation of this policy, our public rental housing programme has been carried out smoothly and the private residential property market has maintained a stable development. Given the far-reaching implications of various subsidized home ownership schemes for the private residential property market and the economy as a whole, we must exercise prudence in our consideration of the matter.

6. We will continue to pay close attention to the supply and property prices of private residential properties as we have all along been doing. Provision has been made in the coming year for the commissioning of a consultation study to strengthen the collection and analysis of data on the private residential property market. We will also continue to closely monitor the turnover of public rental housing flats and change in the waiting time for public rental housing, and study the effectiveness of the current measures in promoting turnover of public rental housing flats under the prevailing private property market condition. The findings of these studies will help us assess whether any forms of subsidized home ownership schemes should be considered for implementation.

Conclusion

7. In conclusion, the Government will continue to provide resources to assist low-income families to resolve their housing problems through the work of the Housing Authority, while maintaining a stable, free and highly transparent private residential property market. My colleagues and I will be pleased to take questions from Members. Thank you.

**Presentation by Secretary for Transport and Housing
at the special meeting of the Finance Committee
on Wednesday, 2 April 2008**

Honourable Chairman and Members,

The Financial Secretary delivered the 2008-09 Budget on 27 February 2008. Today, I would like to brief Members on the part of the Estimates which relates to the Transport portfolio.

2. The allocation for the transport portfolio in the 2008-09 financial year is about \$8.46 billion, which represents a decrease of about \$740 million or 8.05% over the revised estimate for last year. The operating expenditure is about \$4.75 billion, which is \$430 million or 9.82% more than the revised estimate for last year. The capital expenditure is around \$3.71 billion, which is about \$1.17 billion or 23.93% less than the revised estimate for last year.

3. The additional operating expenditure allocated will be used for a number of services, which mainly include –

- (a) contracting out of the management, operation and maintenance of the Tsing Sha Control Area; and
- (b) carrying out maintenance service for the newly completed road projects such as the Shenzhen Bay Port.

4. A main reason for the decrease in capital expenditure is that payment had been made in 2007-08 for the funding support for the design phase expenditure of the MTR West Island Line. In addition, the expenditure on various major road works such as the construction of Route 8 between Cheung Sha Wan to Shatin; the Stonecutters Bridge of Route 8 between Tsing Yi and Cheung Sha Wan, and improvement work to Tung Chung Road between Lung Tseng Tau and Cheung Sha will continue to fall steadily with their gradual completion.

5. In the coming year, our priority areas under the Transport portfolio are as follows –

- (a) on cross-boundary transport infrastructure, we are pressing ahead with the Hong Kong-Zhuhai-Macao Bridge project. We will proceed with the preparatory work for the tendering exercise for the Main Bridge, as well as the investigation and preliminary

design for the Hong Kong Boundary Crossing Facilities and Hong Kong Link Road. We hope to update the Panel on Transport on the situation later. We will also continue our efforts in taking forward the planning work of the Guangzhou-Shenzhen-Hong Kong Express Link, and pursuing the proposal of a rail link between the two airports in Hong Kong and Shenzhen.

- (b) on local rail networks, we will continue to closely oversee the detailed design of the West Island Line, and the further planning of the Shatin to Central Link and the South Island Line. We will also continue to monitor the Kowloon Southern Link project for its completion by 2009;
- (c) on local road infrastructure, we will continue to oversee the implementation of various highways projects, including the construction of Route 8 between Tsing Yi and Cheung Sha Wan, the planning and design of the Tuen Mun-Chek Lap Kok Link and Tuen Mun Western Bypass, and the improvement works of Tuen Mun Road;
- (d) on civil aviation, we will seek to strengthen Hong Kong's status as an aviation centre on many fronts. We will continue to proactively pursue expansion in the bilateral air services arrangements with our aviation partners in support of the development of the aviation industry. The Airport Authority Hong Kong will continue to improve the airport infrastructure facilities with a view to increasing the passenger and cargo handling capacities of the airport, and will strengthen the transport links between the airport and the Pearl River Delta. Regarding the capacity of the Hong Kong International Airport, our target is to gradually increase the runway capacity to 68 movements per hour by 2015. In the long term, we need to build another runway to further increase the capacity. The Airport Authority Hong Kong is making preparations for commissioning a study within this year on the engineering and environmental feasibility of building a new runway;
- (e) On sea communications and logistics development, with the endorsement of the LOGSCOUNCIL and government sponsorship, the pilot study on the On-board Trucker Information System has rolled out smoothly. In the latter half of 2008, a fully-fledged study will be conducted on all the 500 participating trucks. The pilot study will encourage the industry to adopt information and communications technology to improve their operational efficiency. In respect of infrastructure development, once the detailed feasibility study on the Lantau Logistics Park is

concluded, we will inform the industry of the findings, and consult the industry and the public on the way forward of the project. At the same time, we will actively study the suitability of the Tsing Yi site option for the development of the CT 10, and formulate the port development strategy in the light of the findings of the Hong Kong Port Cargo Forecasts, so as to enhance our port competitiveness;

- (f) on road safety, we will continue to enhance road safety through implementing new measures on legislation, enforcement and education fronts;
- (g) lastly, on promoting environmental protection, we will continue to actively oversee the implementation of environment-friendly measures by franchised bus companies such as deploying environmentally friendly buses along busy corridors, and enhancing bus service rationalization.

6. The above is my brief introduction to the part of the 2008-09 Estimates relating to the Transport portfolio. I would be pleased to hear Members' views and answer questions on this part of the Estimates. Thank you.

**Presentation by Secretary for Home Affairs
at the special meeting of the Finance Committee
on Wednesday, 2 April 2008**

Chairman,

The Home Affairs Bureau (HAB) is responsible for quite a diversified policy portfolio covering a total of eight Heads of Expenditure. Total expenditure on policy and programme areas under the purview of HAB amounts to \$9,185.3 million in 2008-09, which represents an increase of \$792 million (about 9%) compared with the Revised Estimate of last year. It will be used to take forward the following priority areas of HAB in the new financial year.

(I) 2008 Olympic and Paralympic Equestrian Events

2. The Beijing 2008 Olympic Games is the first Olympics ever held on Chinese soil and Hong Kong will be co-hosting the Equestrian Events. The preparatory work is in full swing and we will continue to work closely with all parties concerned and consolidate experience from the trial run in August last year, in order to ensure the Equestrian Events a resounding success to bring pride to our nation and our city.

3. HAB will engender more deeply the Olympic and Paralympic spirits within the community and strive to promote community-wide participation in a variety of cultural, sport, educational and celebration activities in relation to the Olympics. We will also proactively bolster youth participation in the promotional programmes and capitalise on the Beijing Olympics to promote national education, so as to enhance the youth's understanding of our country and their sense of national pride.

(II) National Education

4. HAB is responsible for promoting national education at community level. We will continue to work closely with the Committee on the Promotion of Civic Education and Commission on Youth to strengthen national education in the community, particularly among the youths. We plan to engage interested organisations to participate in organising these activities. For example, we will organise study tours to the Mainland for youths, particularly those who have not visited the Mainland before, to enhance their understanding of our country. We will continue to promote flag-raising. We are working on a pilot scheme for youth uniformed groups to raise the national flag at the Golden Bauhinia Square

and other suitable locations regularly on a rotation basis after receiving proper training.

(III) Sports Hardware and Software Development

5. Hong Kong is the co-host city of the 2008 Beijing Olympic Games and the host of the 2009 East Asian Games. We will capitalise on these opportunities to further promote sports development in Hong Kong, along the three strategic directions to promote sports in the community, develop elite sports and make Hong Kong as a major location for international sports events.

6. On hardware, we have earmarked over \$10 billion to take forward suitable leisure and cultural services projects having regard to the community's needs. Moreover, we are facilitating the planning of the re-development of the Hong Kong Sports Institute for its early completion in order to provide better support to elite training and development in Hong Kong. Furthermore, we will continue to pursue the development of the Multi-purpose Stadium Complex in Kai Tak.

7. The enhancement of hardware has to be complemented by improvement to software. We will continue with our effort to promote sports development in the community and encourage active participation in sports by people of all age groups. We will further enhance the School Sports Programme so as to achieve the objective of "One Student, One Sport".

8. With additional recurrent funding since 2007-08 and the collaborative effort of the sports sector, support to elite athletes has been strengthened in various aspects, including financial assistance, education opportunities, career development and athlete training and coaching support.

9. Hosting major sports events not only facilitates sports development in Hong Kong, but also attracts overseas visitors and helps enhance Hong Kong's reputation. Implemented since 2004, the "M" Mark System and Support Package has supported a number of major sports events in Hong Kong.

(IV) West Kowloon Cultural District (WKCD) Project

10. The WKCD is an important strategic investment in arts and culture for the future of Hong Kong. We introduced the WKCD Authority Bill to the Legislative Council on 20 February. The Bill has taken into account the views of the Legislative Council Members, the arts and cultural sector and the public. Upon the enactment of the Bill, the WKCD Authority will be set up to take forward the WKCD project.

11. The Government proposes to give an upfront endowment of \$21.6 billion to the WKCD Authority to cover the capital costs of the arts, cultural

and other facilities. It represents the long-term commitment and determination of the Government towards the development of culture and the arts. It will also provide funding certainty and flexibility for the WKCD Authority to plan and develop the cultural district as well as its facilities and programmes in an integrated manner.

(V) Cultural Software Development

12. We reckon the need to strengthen the development of cultural software to help realise the vision of the WKCD project. We propose to increase our total expenditure on cultural software from the existing provision of \$2.54 billion to \$2.75 billion in 2008-09, representing an increase of \$0.21 billion or 8.2%.

Increased Support for the Major Performing Arts Groups

13. We will provide additional funding to nine major professional performing arts groups to enable them to consolidate growth, build audience and strengthen their outbound cultural exchange activities during the transitional period before a new funding and assessment mechanism is in place.

Increased Support for the Hong Kong Arts Development Council (HKADC)

14. To ensure that there is a progression and succession ladder for the budding artists and arts groups as well as the small and medium sized arts groups to rise to the league of majors, we propose to provide the HKADC with additional recurrent resources to increase the support to them.

Increased Support for the Hong Kong Academy for Performing Arts (HKAPA)

15. To address the upsurge in manpower needs for technical and theatrical arts, we will provide the HKAPA with additional recurrent resources for it to provide short programmes in the School of Theatre and Entertainment Arts. To augment the manpower base for arts administration, we will be supporting the HKAPA in its initiative to bring the UK Clore Leadership Programme to Hong Kong this year. We also encourage the Academy to collaborate further with local universities to offer arts administration courses in business studies programmes.

Arts Education and Audience Building

16. The Working Group on Arts Education under the Committee on Performing Arts is launching a comprehensive research study on general arts education soon to take stock of the provision of general arts education inside and outside schools with a view to benchmarking our provision against international best practices. We are working with the Education Bureau on this study.

Enhanced programming support for small and medium sized arts groups at venues of the Leisure and Cultural Services Department (LCSD) to complement LCSD's Venue Partnership Scheme

17. We will provide LCSD with new resources of \$25 million to implement the Venue Partnership Scheme on a pilot basis and to strengthen the support to small and medium sized arts groups to stage and organise performance. The aim is to make the best use of the performing arts venues managed by LCSD as cultural assets to assist arts groups in artistic development, audience building and establishment of artistic character of venues.

(VI) Provision of Performing Arts Venues

18. In addition to WKCD, we are planning to provide additional cultural facilities in various districts to meet the needs of the performing arts sector and the community. We propose to build a new cross-district cultural community centre in Lower Ngau Tau Kok, Kwun Tong. The centre will cater mainly for large-scale theatrical, musical and dance performances, and will serve the cultural sector and the districts of Kwun Tong, Wong Tai Sin, Kowloon City and Sai Kung. Furthermore, to reinforce the Ko Shan Theatre, an Annex Building with an auditorium of 600 seats and rehearsal halls will be built. The Theatre will become the hub for Cantonese Opera performance in the territory. In addition, we will convert the Yau Ma Tei Theatre and the Red Brick Building into a Xiqu Activity Centre. The Centre, scheduled for completion in 2011, will be equipped with an auditorium of 300 seats and rehearsal/practising rooms.

19. To alleviate the short-term shortage of venues, we are in active dialogue with organisations managing non-governmental venues to work towards opening their venues for use by non-tenant performing arts groups. Plans are also in hand to upgrade the facilities of the proposed community halls in Siu Sai Wan and Fanling to make them more amenable for performance.

(VII) Enhancement of District Administration

20. Since the commencement of the new District Council (DC) term starting from January 2008, the 18 DCs have been fully implementing the recommendations to enhance the functions of DCs. They have begun to participate in the management of some district facilities and are devising work plans to carry out measures in enhancing district administration.

21. We will provide additional manpower resources for District Offices to support their work in promoting district administration. The Home Affairs Department has issued a new manual on the Use of DC Funds to increase the flexibility in using the funds. For example, DCs may use 10% of their respective district allocation for engaging additional staff to assist DCs in implementing community involvement projects.

(VIII) Social Enterprise

22. In respect of the promotion of the development of social enterprises (SEs), we will allocate resources to continue to make use of various channels to enhance public understanding of SEs. We will launch a new series of Announcements in the Public Interest in mid April. We also plan to strengthen publicity at district level to enhance recognition of SEs.

23. We are also implementing the Social Enterprises Partnership Programme. The Programme provides a platform to enhance and facilitate partnership among different sectors of the community through a matching forum and the SE Mentorship Scheme. Through the matching forum, interested business organisations can team up with non-government organisations to establish SEs or to partner with SEs. The partnership can be in the form of outsourcing certain operations to SEs; providing concessionary rental of their premises or vacant land for use by SEs; and allowing SEs access to their clients, etc. The Mentorship Scheme provides a channel to link up entrepreneurs or professionals with SEs for the former to offer voluntary professional and business advisory services to the latter. In addition, we will continue to implement the Enhancing Self-Reliance Through District Partnership Programme to provide seed money to support SEs during their initial operation. Since the launch of the Programme in 2006, we have approved some 50 million to over 50 SE projects in various areas. At present, about \$100 million remains available for application. We are processing the third batch of applications and have already approved some of the applications.

(IX) Conclusion

24. Chairman, this concludes my opening remarks. My colleagues and I will be glad to answer questions from Members. Thank you.

**Presentation by Secretary for Food and Health
at the special meeting of the Finance Committee
on Thursday, 3 April 2008**

Food and Environmental Hygiene

Chairman and Honorable Members,

The Food and Health Bureau is committed to ensuring food safety and environmental hygiene with a view to promoting public health and improving people's quality of life. In the 2008-09 Estimates, about \$4,800 million has been earmarked for recurrent expenditure in the policy portfolio of "Food and Environmental Hygiene". The relevant services are mainly delivered by the Food and Environmental Hygiene Department, the Agriculture, Fisheries and Conservation Department and the Government Laboratory. There is an additional provision of about \$450 million, which is mainly intended for the various measures to enhance food safety.

2. The work in the food and environmental hygiene portfolio encompasses a wide range of issues which are intimately linked with people's livelihood. Today I will highlight a number of major initiatives to be implemented in the coming year, including those on food safety, the prevention and control of avian influenza, the sustainable development of the fisheries industry, as well as our work in relation to the 2008 Olympic and Paralympic Equestrian Events.

Food Safety

3. We will introduce the *Food Safety Bill* to incorporate new food safety control tools to enhance the public's confidence in food safety. Last December, I explained the details of the *Food Safety Bill* to the Panel on Food Safety and Environmental Hygiene and responses from Members had been positive. We are engaging the public and stakeholders on our proposals. We will listen carefully to the views of the trade and the community and seek to facilitate the trade as far as possible in drawing up the legislation, so as to minimize any disruption. We plan to submit the Bill to the Legislative Council in the 2008-09 legislative session.

4. Regarding the food nutrition labelling regulation, we have had extensive consultation and communication with stakeholders over the past few years. The Amendment Regulation was published in the Gazette today. We will table the Amendment Regulation in the Legislative Council on 9 April. The

Administration's proposal is to require all prepackaged food to label energy and seven core nutrients. The food nutrition labelling legislation will not only help the public in making informed food choices, but also prohibit misleading or deceptive nutrition labels and claims, thus protecting the rights of consumers. While safeguarding public health and consumer rights, we will endeavour to reduce the impact on the trade and to facilitate the public to continue to enjoy foods from all over the world.

5. We have been closely monitoring overseas development on food safety standards and have updated our existing legislation from time to time in line with the international trend in the regulation of food safety. We are working on amendments to the *Colouring Matter in Food Regulations* and the *Preservatives in Food Regulations* and plan to table the amendment regulations in the Legislative Council within the current legislative session. We have completed a public consultation on the proposed regulatory framework for pesticide residues in food.

6. In addition, to ensure a steady food supply to Hong Kong, we will continue to maintain close liaison with the relevant Mainland authorities, (including the Ministry of Commerce, the State General Administration of Quality Supervision, Inspection and Quarantine as well as the Guangdong Provincial Government), in order to assess the latest situation and disseminate up-to-date information to the public. We will also continue to liaise with food suppliers to discuss measures to maintain a stable food supply to Hong Kong.

Prevention and Control of Avian Influenza

7. On the prevention and control of avian influenza, all Government departments will remain highly vigilant and strictly enforce the preventive and control measures against avian influenza. We will also maintain close liaison with the relevant Mainland authorities for effective prevention and control of the disease. In the past few months, we have consulted the poultry trade and the Panel on Food Safety and Environmental Hygiene on our project of developing a poultry slaughtering and processing plant. We are now carefully considering the views collected, including views on the future operation mode of the plant, in order to work out a proposal that will best serve the public interest and also facilitate the trade. We will continue to liaise with the live poultry trade and assist as far as possible all those practitioners who wish to switch to the chilled and freshly slaughtered chicken business.

Sustainable Development of the Fisheries Industry

8. On the sustainable development of the fisheries industry, we have set up the Committee on Sustainable Fisheries, which comprises Legislative Councillors, representatives from the fisheries industry, academics and experts, to formulate feasible proposals that would balance the objectives of conserving fisheries

resources and sustaining the development of the industry and to set down the long-term direction and goals for the local fisheries industry. The Committee expects to submit its report to the Government in the latter half of the year.

Olympic and Paralympic Equestrian Events

9. We will also strive to effectively carry out our work on food safety and animal inspection and quarantine in the 2008 Olympic and Paralympic Equestrian Events. We will actively collaborate with the Home Affairs Bureau and the Equestrian Company in the preparatory work. We will, through our concerted efforts, ensure the successful staging of the Equestrian Events in Hong Kong.

10. Chairman, these are the highlights of our major initiatives. My colleagues and I will be happy to answer questions from Members connected to food and environmental hygiene in the Estimates.

**Presentation by Secretary for Food and Health
at the special meeting of the Finance Committee
on Thursday, 3 April 2008**

Health

Chairman and Honorable Members,

Recurrent government expenditure on health in 2008-09 is \$32.6 billion, amounting to 15% of the total recurrent government expenditure. I shall highlight our initiatives in the new financial year with regard to three main areas, namely, medical services, health services as well as healthcare reform.

Medical Services

2. In 2008-09, the Government's appropriation to the Hospital Authority (HA) is estimated at \$30.5 billion, an increase of more than \$780 million or 2.6% compared with that of last year. The increase includes an allocation of new recurrent funds of over \$670 million, and a one-off additional allocation of \$54 million mainly for procurement of medical equipment and information technology systems while the rest is earmarked for establishment of Chinese medicine clinics. Besides, a one-off grant of \$1 billion will also be injected to the Samaritan Fund.

3. Besides, it is worth mentioning that Government's allocation to the HA for the procurement of medical equipment and information technology systems amounts to \$699 million in 2008-09 and \$678 million in 2007-08, representing a substantial increase over the allocation of \$290 million in 2006-07.

4. To enhance the overall service quality, plans have been put in place by the HA to use the additional allocation for launching new initiatives and strengthening its existing services. The major initiatives include:

- (1) further enhancing the health care services in the New Territories West and Kowloon East Clusters;
- (2) enhancing neonatal intensive care services;
- (3) improving treatments for life-threatening diseases; and
- (4) strengthening psychiatric medical services and community support.

5. With additional funding from the Government in recent years and efficient deployment of its resources, the HA has achieved a balanced budget in 2007-08. I expect that the HA will remain fiscally sound in 2008-09 and at the same time further improve and enhance its services.

Health Services

6. In 2008-09, the Department of Health (DH) will have an allocation of over \$2,500 million, which represents an increase of \$170 million or 7.2% compared with that of last year, to carry out the initiatives under the health policy area.

7. In the new financial year, our major tasks in respect of health services include:

- (1) introducing legislation to enhance port health measures;
- (2) strengthening the work of the Centre for Health Protection to enhance our surge capacity in dealing with infectious diseases and other public health emergencies;
- (3) aiming to complete the legislative process for the legislation to introduce a fixed penalty system for smoking offences;
- (4) developing a comprehensive strategy to prevent and control non-communicable diseases;
- (5) developing a long-term statutory regulatory framework for medical devices; and
- (6) closely monitoring the implementation of the Chinese medicine trader licensing system.

Healthcare Reform

8. Chairman, I would now turn to the healthcare reform. Since the commencement of the public consultation exercise three weeks ago, the subject has generated a lot of animated discussions among the public. It is encouraging to see that many of the views are supported by detailed and reasonable analyses. I wish, however, to clarify several misunderstandings that we find in some of the comments.

9. First of all, the issue of healthcare financing cannot be addressed by simply enhancing the cost-effectiveness of the HA's operation. There are comments that the HA's administrative cost is too high. I would like to point out here that for a large organisation to maintain its operation, it will incur a certain

amount of operational cost. The HA incurs an expenditure of about \$30 billion in catering for more than 90% of the inpatient needs of the local population in addition to providing other types of health care services. Out of this sum of expenditure, the HA's administrative cost only accounts for 1.9%, which is relatively smaller in comparison with other advanced economies. As a matter of fact, the HA has implemented a range of efficiency-enhancement measures in recent years.

10. Some have commented that with a large number of Consultants in its establishment, the HA has allegedly cut down the number of its frontline staff for expansion of its upper echelon. I must make it clear that this allegation is unfounded. At present, the number of Consultants in the HA is 525, accounting for 11%, a relatively small proportion, of the total number of doctors in the HA. Consultants themselves are also frontline doctors and not executives. Charged with the important tasks of providing medical treatment for rare and complicated illnesses and training doctors of the next generation, they are the mainstay in maintaining the superiority of our health care system.

11. I must also stress that the supplementary financing options are not meant to "target" at the middle-income group. On the contrary, the various financing options put forward in the consultation document are meant to promote the interests of the middle-income group. As we all know, a large portion of our tax income comes from the middle-income group but they are often unable to benefit from the public health care services. They usually seek medical consultation from private doctors and hospitals and some take out medical insurance on their own. However, the coverage of the insurance products currently available may not always be comprehensive. Usually, elders and frail persons cannot get or stay insured. Even if they are able to do so, their premiums will be very high.

12. Our healthcare financing reform aims specifically to provide a solution to this problem. It is hoped that by pooling the medical resources being contributed individually by the middle-income group, we can devise a health plan for them which is more cost-effective and offers better value for money, better protection and more choices. For those in the middle-income group who have yet to plan for their future health care protection, they can make use of the opportunity afforded by healthcare financing reform to get better health care protection.

13. I earnestly hope that all sectors of the community will continue to discuss the proposals set out in the consultation document in an open and rational manner so as to build up a consensus.

14. Chairman, my colleagues and I will be happy to answer questions from Members.

**Presentation by Secretary for Development
at the special meeting of the Finance Committee
on Monday, 7 April 2008**

Chairman,

In 2008-09, the allocation for Development Bureau for its operating expenditure on works is \$7,204.2 million, representing an increase of \$102.5 million or 1.4 % as compared with that in the preceding year. There will be an increase of 113 civil service posts, including 92 posts for phasing out non-civil service contract positions with long term service needs, and the remaining 21 to assist in implementing various initiatives in the works portfolio.

Our capital works projects have been progressing smoothly in the 2007-08 financial year. The Revised Estimate of the Capital Works Programme is \$20.5 billion, which is roughly the same as the Original Estimate. Discounting the upfront endowment of \$21.6 billion to the West Kowloon Cultural District Authority, the estimated expenditure on infrastructure projects for 2008-09 will be \$21.8 billion. While the rise in expenditure may still fall short of Members' expectation to some extent, it marks the start of a good trend.

Over the next few years, we will vigorously implement various infrastructure projects, including the ten major projects announced by the Chief Executive, in order to dovetail the long-term economic development of Hong Kong. We will engage the public at the early stage of the works projects with an aim to fostering more community consensus.

Apart from major infrastructure projects, we will press ahead with other works projects to bring about improvement to the quality of life of our citizens. We will continue to actively alleviate the flooding problems in the urban areas, focusing on the construction of three drainage tunnels in Hong Kong West, Tsuen Wan and Lai Chi Kok, at a total cost of \$6 billion. Construction of the Hong Kong West and Tsuen Wan drainage tunnels has commenced in end-2007. Construction of the Lai Chi Kok drainage tunnel will commence in mid-2008. We will also roll out stages 3 and 4 of the water mains replacement and rehabilitation programme at an estimated cost of about \$9 billion, with works commencing in phases from 2008 onwards. Other major projects that will enter the construction stage in full steam include the Reconstruction and Improvement of Tuen Mun Road, Development at Anderson Road, and Redevelopment of the Hong Kong Sports Institute. In the coming year, we expect that the new projects will create about 27 000 jobs in the construction industry.

By March 2008, the Public Works Subcommittee of the Legislative Council has approved a total of 45 submissions at a total cost of about \$27.6 billion. This has already surpassed the total sum of \$26.2 billion approved in the 2006-07 session. I am confident that the Legislative Council will continue to support our funding submissions.

The Development Bureau was set up on 1 July 2007 and has taken over from the Home Affairs Bureau policy matters on heritage conservation. Since then, the Development Bureau has taken forward the new heritage conservation policy in a holistic manner. In the years to come, we will continue to press ahead with the various new heritage conservation initiatives and measures announced by the Chief Executive in his Policy Address in October 2007. The Revitalising Historic Buildings Through Partnership Scheme, which has been widely publicized by the media, was formally launched on 22 February this year after securing funding support of the Finance Committee. The first stage of the Scheme includes 7 government-owned historic buildings. Initial response to the Scheme has been encouraging. Open days for these 7 historic buildings were held in the first two weeks in March which were attended by over 360 representatives from some 110 non-profit making organizations. We have organized a workshop in early April to provide the applicants and their professional advisers an opportunity to have a further understanding of the Scheme. We will also explore suitable economic incentives on a case-by-case basis to facilitate conservation of important privately-owned historic buildings. In the case of King Yin Lei, we have already reported to the Legislative Council Home Affairs Panel on a few occasions the progress in obtaining the owner's agreement to fully restore and preserve King Yin Lei by way of land exchange. Throughout the process, we will attach importance to transparency and openness.

I fully appreciate that there are demands for greater public participation and transparency in enhancing the work on heritage conservation. In this respect, we will step up efforts in engaging the public, professionals and stakeholder groups on heritage conservation issues. For instance, we have just embarked on a 3-month public engagement exercise to allow the public to express views on the future use of the site of the former Hollywood Road Police Married Quarters. The exercise will include open days, workshop and consultation meetings with stakeholders such as the Central & Western District Council, the Antiquities Advisory Board and tourism groups, etc. On the publicity front, we will enhance communication with the public as well as heighten public interest and awareness on conservation work through our dedicated heritage website and a series of campaign activities. We have earmarked resources in the 2008-09 Estimates to cater for the additional expenditure required for the above new initiatives. Subject to the approval of the Finance Committee of the Legislative Council on 25 April, we will set up the Commissioner for Heritage's Office to further intensify our efforts on heritage conservation work.

Thank you.

**Presentation by Secretary for Development
at the special meeting of the Finance Committee
on Monday, 7 April 2008**

Chairman,

First of all, I would like to thank Members for their interest in the Draft Estimate of the Development Bureau (DEVB). My respective Controlling Officers have provided answers to 166 written questions from Members accounting for the use of resources under the purview of Planning and Lands. They are here to respond to any further questions that Members may wish to raise.

2. DEVB will face a number of new challenges in the coming year. 2008-09 will see additional resources for various programmes to meet new demands. My 2008-09 Operating Expenditure on Planning and Lands is \$3,354.6 million, representing an increase of \$161.4 million or 5.1% compared with that of 2007-08. Excluding 83 posts for phasing out Non-Civil Service Contract Staff positions with long term service needs, there will be an increase of 23 civil service posts for undertaking various initiatives under this portfolio.

3. I would like to take a few minutes to brief Members on several priority tasks of the Planning and Lands portfolio in the new financial year.

Enhancement of Building Maintenance

4. Elderly owners with low income or no income at all often cannot properly repair and timely maintain the buildings they occupy due to the lack of financial resources, rendering their buildings continuously dilapidated.

5. We propose to launch a new Building Maintenance Grant Scheme for Elderly Owners to help elderly owners aged 60 or above to meet the costs for complying with statutory orders or carrying out voluntary repair works to their premises. We will conduct simple means tests to ensure that the grants will genuinely benefit those in need. Nevertheless, we will adopt a more relaxed standard for asset assessments so that more elders can benefit from the Scheme. The Scheme will also cover those elderly owners who have already obtained loans under the maintenance loan schemes offered by the Buildings Department, the Hong Kong Housing Society or the Urban Renewal Authority. If they meet the requirements, they can also apply for a grant under the Scheme to repay their debts.

6. We will entrust the Hong Kong Housing Society to administer the Scheme. I would like to thank the Legislative Council Panel on Development for supporting the proposal at its meeting on 25 March 2008. We will seek the Finance Committee's approval of a commitment of \$1 billion at its meeting on 25 April 2008 for the Scheme to be implemented as early as possible. Such Scheme will facilitate building maintenance in Hong Kong.

7. In line with our efforts to improve building safety, we have earlier introduced into the Legislative Council the Buildings (Amendment) Bill 2007 to simplify the statutory requirements and procedures for carrying out small-scale building works by introducing a new minor works control system. A number of meetings have been held by the Bills Committee of the Legislative Council to scrutinize the bill. We hope that the amendments can be passed as early as possible for the commencement of the minor works control system. To facilitate the implementation of the new system, we will, together with the Hong Kong Housing Society, engage a large-scale public education campaign to enhance the understanding of the public and practitioners of the new legislation.

8. Moreover, based on the community consensus achieved through the public consultations, we are working on the draft legislation on the Mandatory Building Inspection Scheme and the Mandatory Window Inspection Scheme. We intend to further consult members of the Development Panel later on the operational details of the proposed schemes, with a view to introducing the proposed legislation into the next term of the Legislative Council as early as possible in order to attain a long-term solution to the problem of building neglects.

Lowering of Development Density

9. Pursuant to the Chief Executive's 2007-08 Policy Address, we are taking various steps to lower the development density of our city with a view to upgrading urban design, enhancing the vista of buildings, improving air ventilation and generally to provide a better living environment. We are progressively stipulating in outline zoning plans clear development restrictions, where justified, for all to follow. Priority is given to reviewing building heights in areas subject to high development/redevelopment pressures, waterfront areas along Victoria Harbour and congested built-up areas. This involves about 40 plans. We have already conducted the first stage review of seven, mainly relating to building height restrictions, and gazetted the amendments to the outline zoning plans. While we appreciate that Members and concern groups wish to see an early completion of the review of outline zoning plans, the magnitude and complexity of this task should not be underestimated.

Other Planning Work

10. Apart from the review of outline zoning plans, other major planning tasks to be undertaken by the Development Bureau and the Planning Department

in the coming year are highlighted below :

- (a) We will commence a detailed planning and engineering (P&E) study on the New Development Areas (NDAs) in the North East New Territories (i.e. Kwu Tung North, Fanling North and Ping Che / Ta Kwu Ling) and will submit a funding proposal to the Public Works Subcommittee for consideration. The Hung Shui Kiu NDA P&E Study will follow at a later stage.
- (b) The study on the “Land Use Planning for the Closed Area” is underway to tie in with the opening of the Closed Areas implemented by the Security Bureau. In determining the future land use, we have to properly balance the needs for development, environmental protection, nature and heritage conservation and the community needs.
- (c) To promote cross-boundary infrastructure development, we will conduct a joint study with the Shenzhen Municipal Government to explore the feasibility of developing the Lok Ma Chau Loop and Liantang/Heung Yuen Wai control point on the basis of mutual benefit.

Expediting the processing of lease modification and land exchange applications

11. The Government is committed to speeding up the approval procedures for private developments, and reviews from time to time the procedures and processes for handling such applications with a view to moving with the times. As pointed out by the Chief Executive in his 2007-08 Policy Address, the Government is not only a regulator, but also a service provider. We are responsible for enhancing the efficiency of the building construction industry and the property development market. In this respect, the Lands Department has launched a pilot scheme in the District Lands Office (Hong Kong West and South) by setting up a dedicated team to step up case management and monitor closely the progress of processing applications with a view to expediting the processing of lease modification and land exchange applications. This measure is expected to bring a 10% reduction in the processing time of related cases within the district. We hope to trigger a faster market response to the change in business environment and bring development projects to fruition as soon as possible.

Review of the Urban Renewal Strategy

12. In the next few months, a major task of the Development Bureau is to commence a review of the Urban Renewal Strategy (URS) together with the Urban Renewal Authority (URA). Since its establishment seven years ago, the URA has commenced 35 redevelopment projects, assisted in the rehabilitation of

about 400 buildings, and revitalized and preserved over 25 pre-war buildings. With the public attaching greater importance in recent years to heritage conservation, community networks and building rehabilitation, it will be necessary to review the weightings of the relevant aspects in the URS. I hope that various sectors of the community will actively participate in the URS review to set a new direction for this important social issue.

Conclusion

13. Chairman, this concludes my opening remarks. My colleagues and I will be happy to answer any questions that Members may wish to raise. Thank you.

**Presentation by Secretary for the Environment
at the special meeting of the Finance Committee
on Monday, 7 April 2008**

Chairman:

I am delighted to attend this special meeting of the Finance Committee today to brief Members on the part of the 2008-09 Estimates relating to the expenditure on environmental protection, conservation, energy and sustainable development.

2. In the 2008-09 financial year, the Environment Bureau (ENB) and departments under its portfolio are allocated about \$7 billion, representing a net increase of about \$144 million or 2.1% over the revised estimates for last year.

3. Of the total allocation of \$7 billion, the operating expenditure accounts for about \$5.8 billion, up \$313 million or 5.8% as compared with the revised estimates for last year. Discounting the one-off injection of \$1 billion into the Environment and Conservation Fund in 2007-08, the real increase is 29.5%. The additional allocation is mainly to meet the increase in cash flow requirement to promote early replacement of pre-Euro and Euro I diesel commercial vehicles with new ones that comply with the latest statutory emission standard, and implement a Cleaner Production Programme in the Pearl River Delta (PRD) Region to be funded by the Environmental Protection Department (EPD) starting this year. Additional funding will also be provided for the Civil Engineering and Development Department to continue with the scheme on cross-boundary delivery of surplus public fill.

4. I will now outline the work priorities of ENB and EPD in the coming year.

Regulating the Power Companies

5. The Government signed the new post-2008 Scheme of Control Agreements with each of the two power companies in early January 2008. Under the new Agreements, the permitted rate of return of the two power companies will be lowered to 9.99%. Customers of CLP Power and Hongkong Electric will have their basic tariffs adjusted starting 1 October 2008 and 1 January 2009 respectively. The Government will steadfastly play its monitoring role to ensure that the power companies will make the necessary investment on electricity supply facilities, and at the same time the public will continue to enjoy reliable, safe and efficient electricity supply at reasonable prices.

There are also provisions under the new Agreements to encourage the power companies to minimise the impacts of electricity generation on the environment.

6. The duration of the new Agreement will be shortened from the existing 15 years to 10 years, with an option exercisable by the Government to extend for 5 more years after review of the prevailing conditions for opening up the electricity market. To lay the ground for this plan, we will carry out the preparatory works during the next regulatory period (i.e. from 2008 to 2018), including studies on the open market model and the regulatory framework, and enhancing interconnection of power grids, etc. The Government's objective is to introduce competition to the electricity market expeditiously when the requisite market conditions are present. We will consult the public on the concrete proposal in due course.

Improving Air Quality

7. Improving air quality is a focus of the Government's policy. We will continue to implement measures to control major sources of pollutant emissions.

8. Power plants have always been the largest emitters in Hong Kong. In respect of controlling emissions from power plants, we will progressively tighten the emission caps for power companies upon renewal of licences on specified processes. Apart from this, to ensure a smooth, timely and transparent implementation of the emission caps, we have introduced the Air Pollution Control (Amendment) Bill 2008 to the Legislative Council to stipulate the emission caps of power plants in 2010 and beyond. We hope that the Bill could be passed in the current legislative session.

9. To reduce vehicular emissions, fuel quality has been further enhanced. From 1 December 2007, we have offered a concessionary duty rate of \$0.56 per litre for Euro V diesel for two years to encourage the use of Euro V diesel which is environmentally more friendly than ultra low sulphur diesel. In addition, from 1 April 2008, the First Registration Tax has of commercial vehicles complying with the Euro V emission standards has been reduced by 30, 50 or 100 per cent respectively according to the vehicle types. The incentive schemes will help to expedite the replacement of commercial vehicles in Hong Kong which can further improve the roadside air quality.

10. As for other emission sources, we are studying the feasibility of using cleaner fuels by ferries. Meanwhile, we plan to introduce control measures to reduce emissions from mobile plants on construction sites and those in ports/ferry terminals and the airport. Last June, the Government initiated a comprehensive study to review Hong Kong Air Quality Objectives and to develop a long-term strategy on air quality management for Hong Kong. The study is expected to be completed at the end of this year. The Government will consult the public on

recommendations put forward by the study and set out concrete plans for implementation.

11. Furthermore, we intend to brief the LegCo on the results of the public consultation exercise on the proposed legislative ban on idling vehicles with running engines as well as specific control schemes towards the middle of this year,. We will also consult the trades on the specifications for using biodiesel as motor vehicle fuel and the proposed mandatory use of Euro V diesel. The consultation process on measures to strengthen the control of emissions from petrol and liquefied petroleum gas vehicles will also commence this year.

12. On cross-boundary cooperation, both the Guangdong and Hong Kong governments will continue to work closely in implementing the Pearl River Delta Regional Air Quality Management Plan with a view to achieving the jointly agreed emissions reduction targets by 2010. To promote energy conservation and emission reduction among Hong Kong-owned factories in the PRD Region, the Government will launch a five-year PRD Cleaner Production Partnership Programme in the middle of this month. Over \$93 million of public funds have been earmarked in support of the Programme, which should facilitate factory owners to cultivate a culture of cleaner production with low energy consumption.

Coping with Climate Change and Enhancing Energy Efficiency

13. Climate change is an important environmental issue. Government is very concerned about the impact of climate change and has undertaken a series of measures to reduce greenhouse gas emission. We have just launched an 18-month consultancy study on climate change, which will provide an objective and scientific basis for developing new strategies and initiatives to cope with climate change.

14. Though limiting in space, Hong Kong has a great number of high-rise buildings, which account for 89% of total power consumption of the territory. Enhancing the energy efficiency of buildings can effectively reduce power consumption, bringing forth improvement in air quality and alleviating the adverse effects of global warming. The public consultation on a proposal to introduce mandatory implementation of the Building Energy Codes has just been completed in late March. I am pleased that the proposal has gained the general support of the public in promoting energy efficiency of buildings. Taking into account the comments received, we will work out the details for implementing the proposal.

15. Regarding the promotion on the use of energy-efficient products, I would like to express my gratitude to Members of the Bills Committee for their invaluable comments on the Energy Efficiency (Labelling of Products) Bill. The resumption of the Second Reading debate on the Bill is scheduled for the Legislative Council meeting on 30 April. The first phase of the mandatory

scheme will be rolled out after completion of legislation. We will start drawing up the coverage of the second phase to include more energy-consuming products in the mandatory scheme.

Solid Waste Management

16. On waste management, we will expedite the implementation of the measures in the Policy Framework for the Management of Municipal Solid Waste (2005-2014) to resolve our imminent waste problem. Insofar as waste recovery is concerned, the effectiveness of the source separation of domestic waste programme has gradually become evident. The recovery rate of municipal solid waste in 2006 reached 45%, three years ahead of schedule. On this basis, we will work closely with all sectors of the community to promote waste separation, recovery and recycling, and will extend the programme to cover industrial and commercial buildings.

17. Apart from promoting waste recovery, we attach equal importance to waste reduction at source. We therefore hope that the Product Eco-responsibility Bill can be enacted in this legislative year with the support of Members, so that we can implement the environmental levy on plastic shopping bags as soon as possible. Meanwhile, we will continue to examine the feasibility of introducing voluntary producer responsibility schemes in conjunction with other product suppliers so as to further promote waste reduction and recycling. In order to achieve the goal of waste reduction in the long run, we will implement the “polluter-pays” principle through municipal solid waste charging. To this end, we will carry out a territory-wide baseline survey to collect data so as to devise a charging scheme that is suitable for Hong Kong.

18. While implementing the waste reduction measures mentioned above, it is still unavoidable that a lot of waste has to be properly handled. Therefore, we plan to construct integrated waste management facilities to substantially reduce the municipal solid waste in bulk and extend the life of landfills. The facilities will make use of advanced incineration technology and adhere to the most stringent emission standards to ensure their operation will not cause adverse health impact. Phase I of the facilities will have a handling capacity of 3,000 tonnes of waste per day. Tsang Tsui on the west coast of Tuen Mun and Shek Kwu Chau to the south of Lantau Island are the two potential sites for construction of the facilities. A detailed engineering and environmental assessment study on the two sites will be carried out within this year so as to ascertain their overall suitability.

19. With reference to the multi-technology approach of the waste treatment strategy, we will proceed with the first phase of the organic waste treatment facilities at Siu Ho Wan of Lantau Island. With a daily handling capacity of 200 tonnes, the facilities will provide treatment to industrial and commercial organic waste which has already been separated at source. We plan to build the second

phase of the facilities at Sha Ling in the North District with comparable capacity.

Harbour Area Treatment Scheme

20. To further improve the water quality in the Victoria Harbour, we are proactively taking forward the second stage of the Harbour Area Treatment Scheme (HATS) in two phases. Our target is to collect the remaining 25% untreated effluent in the harbour upon the completion of Stage 2A in 2014. By way of a deep tunnel, sewage will be conveyed to the expanded Stonecutters Island Sewage Treatment Works for treatment. In order to re-open the beaches in Tsuen Wan district early, we are proceeding with the Stage 2A advance disinfection facilities which are expected to be completed in October 2009 as scheduled.

21. We are thankful to the LegCo in supporting our proposal for the phased increase of sewage charges in May 2007, so that the Sewage Charging Scheme can continue to operate according to the “polluter pays” principle. We have completed the survey on the Trade Effluent Surcharge Scheme and will make adjustments to it so that the operating costs can be equitably shared by users. An adjusted proposal has already been submitted to the Environmental Affairs Panel for discussion. We expect to submit the amended regulations to the LegCo for examination within the coming few weeks. It is hoped that the new surcharge rate can come into force within the 2008-09 financial year.

Nature Conservation

22. For nature conservation, we expect to complete the statutory procedure regarding the designation of Lantau North (Extension) Country Park within this year. We have launched the Pilot Scheme for Management Agreements in ecologically important sites, namely Fung Yuen and Long Valley. The Pilot Scheme has produced encouraging results in terms of conservation and improvement to the biodiversity of the concerned area. The projects under the Scheme will be continued. As for the Public-private Partnership Pilot Scheme, we have now entered the final assessment stage.

Sustainable Development

23. The ENB will continue to render support to the Council for Sustainable Development in the implementation of its work and activities with a view to facilitating the Council to give advice on the formulation of a sustainable development strategy for Hong Kong. It will also assist the Council in launching education and publicity programmes, including school and community outreach programmes, for promoting the concept and principles of sustainable development.

Conclusion

24. Chairman, our future work on environmental protection and conservation of ecological resources is full of challenges. Not only do we have to implement our policy to further improve our environment, we also need to introduce new legislations, strengthen public education and encourage community participation. I look forward to the LegCo's continued support in the new financial year. Together with the Permanent Secretary and other colleagues, I would be happy to answer any questions that Members may have on this part of the Estimates.