



Legislative Council  
of the  
Hong Kong Special Administrative Region  
Finance Committee

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Report on the examination  
of the Estimates of Expenditure 2010-2011

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June 2010

*Finance Committee*

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Estimates of Expenditure 2010-2011*

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## **Chapter I : Introduction**

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1.1 At the Legislative Council meeting on 24 February 2010, the Financial Secretary of the Hong Kong Special Administrative Region Government introduced the Appropriation Bill 2010. 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 22 to 26 March 2010 to examine the Estimates. The purpose of these special meetings was to ensure that the Administration was seeking a provision no more than necessary for the execution of the policies of the Government for 2010-2011.

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 3 194 written questions were received and forwarded to the Administration for replies. Both the printed and electronic copies of the written replies by the Controlling Officers were forwarded to members prior to the special meetings. The replies can also be browsed at the Council's website.

1.4 Each session of the special meetings from 22 to 26 March 2010 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 set of the 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 77 supplementary questions and requests for additional information were referred to the Administration for reply after the special meetings. All the written replies to these questions were forwarded to members prior to resumption of the Second Reading debate on the Appropriation Bill 2010 on 14 and 15 April 2010. A summary of the number of the questions and additional requests for information is given in **Appendix II**.

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1.6 The attendance of members and public officers at the special meetings is given in **Appendix III**. The speaking notes of Directors of Bureaux 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 30 June 2010 in accordance with Paragraph 53 of the Finance Committee Procedure.

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2.1 At the invitation of the Chairman, 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 (REO), the Equal Opportunities Commission (EOC) and the Office of the Privacy Commissioner for Personal Data, and their work priorities in 2010-2011 (Appendix IV-1).

### **2010 Legislative Council By-election**

2.2 Mr Ronny TONG queried why the Administration did not provide a detailed breakdown of the provision for the preparation and conduct of the 2010 Legislative Council By-election as requested in his written question. He said that the breakdown was necessary for members to assess whether the provision for the By-election was reasonable. He enquired about the reduction in expenditure, if any, if the five vacant seats of the five geographical constituencies were uncontested.

2.3 SCMA advised that the overall estimated expenditure for the preparation and conduct of the By-election was \$159 million, including \$31 million for staff cost, \$3 million for publicity and \$125 million for other election expenses such as the cost of hiring venue, employment of polling and counting staff and free mailing for candidates. Compared with the expenditure of \$154 million on the District Council Election in 2007, and \$280 million on the Legislative Council Election in 2008 which covered both geographical and functional constituencies, the estimate of \$159 million for the By-election was considered reasonable taking into account the costs for operating more than 500 polling stations in five geographical constituencies.

2.4 As regards the reduction in expenditure if any seat was uncontested in the By-election, SCMA advised that an amount approximately equivalent to the expenditure required for operating the polling stations in the constituency concerned could be saved. The actual amount of saving would depend on the size of the constituency and the number of polling stations in it. The expenditure of operating a polling station was about \$130,000. For example, if the seat of Kowloon West was uncontested, there would be no need to operate the 68 polling stations planned for the constituency, and this would result in a saving of about \$8.36 million. Similarly, about \$21.77 million would be saved if there was no need to operate the 177 polling stations in the New Territories West constituency.

2.5 SCMA further advised that irrespective of whether there were uncontested seats in the By-election, certain expenditure such as the publicity cost of \$3 million and the cost of certain preparatory work still had to be incurred.

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The Chief Electoral Officer of the Registration and Electoral Office (CEO/REO) supplemented that REO had already employed some staff to prepare for the By-election and such costs were not dependent on the number of polling stations to be operated on the polling day. However, if there were uncontested seats in the By-election, fewer staff would be recruited at later stages and there would be savings in such costs.

2.6 Mr CHEUNG Hok-ming said that many people considered it a waste of public money to spend \$159 million for the By-election. He learned that some village people in the New Territories might express their discontent by refusing to lease the venues in their villages for use as polling stations. He asked whether the By-election expenses would be reduced if some polling stations were not set up in those villages, and how the Administration would ensure the smooth conduct of the By-election in these circumstances.

2.7 SCMA noted that some members of the rural community had expressed reservations about the By-election. REO was trying to obtain their agreement for hiring their venues for use as polling stations. It was still the Administration's target to set up 530 polling stations in the five geographical constituencies, and 30 polling stations in police stations and penal institutions of the Correctional Services Department. CEO/REO supplemented that it was the responsibility of REO to ensure that adequate polling stations were available for the By-election. If a venue hiring request was rejected, REO would look for an alternative venue in the vicinity as far as possible, but electors might then need to travel a longer distance to vote.

2.8 Ms Audrey EU noted that for the By-election, REO would create about 20 additional time-limited civil service posts and recruit over 260 non-civil service contract (NCSC) staff in 2010-2011, and the provisions for these posts were \$6 million and \$15 million respectively. She enquired about the duties of these staff and queried why the respective provisions for each of the civil service posts and NCSC posts were as high as \$300,000 and \$60,000.

2.9 SCMA advised that about 20 officers, mainly Executive Officers I and Executive Officers II, would be seconded from other bureaux/departments to REO for six to nine months. Apart from the duties on the polling day, these officers would also be responsible for some pre-election tasks and follow-up actions after the By-election. The 260 NCSC staff would be employed for six to nine months to fill positions such as Electoral Assistant and Workman. Some of these civil servants and NCSC staff had already been engaged/employed and the cost concerned had been absorbed within the provision for REO in 2009-2010. The estimated provision for these additional staff in 2010-2011 was \$21 million.



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2.10 In reply to Ms Audrey EU's enquiry, SCMA and CEO/REO explained that the overall provision for "Election expenses" for the By-election was \$125 million. Part of the provision had been spent in 2009-2010, and the provision for 2010-2011 was \$122.6 million. Noting that out of the \$122.6 million, \$45.6 million was allocated for payment of honoraria to the polling and counting staff, Ms EU enquired about the basis for this provision. CEO/REO advised that around 15 000 civil servants would be engaged to carry out polling and vote-counting duties on the polling day and to assist in setting up polling stations on the day before the polling day.

2.11 Noting the reservations in some quarters of the community about the resignation of five Legislative Council Members for the purpose of initiating the so-called "referendum campaign" via the By-election, Dr LAM Tai-fai asked whether and when the Administration would conduct a review of the current by-election arrangements for the Legislative Council to prevent abuse in future. SCMA responded that the Administration was aware that some members of the community expressed the view that the Legislative Council Ordinance (Cap. 542) should be amended to avoid recurrence of similar situations. The Administration had started to study the issue, and would take any relevant proposal into account in drawing conclusions from the consultation exercise on the electoral methods for selecting the Chief Executive and forming the Legislative Council in 2012. If necessary, the Administration would introduce relevant legislative amendments. In reply to the Chairman, SCMA advised that the Administration would take into account public views on any such amendments.

2.12 Mr TAM Yiu-chung said that some District Council (DC) members had been notified by the Housing Department to remove their publicity materials and not to display new ones at the banner and poster spots in public housing estates during the By-election period. Some DC members had already removed their publicity materials, before the Administration advised that it would review the removal arrangement at the meeting of the Panel on Constitutional Affairs on 19 March 2010. Mr TAM asked about the updated position of the matter.

2.13 SCMA advised that the Housing Department had designated some spots in public housing estates for the Legislative Council Members and DC members to display their publicity materials, and these spots were re-allocated every three months. CMAB was currently working with the Lands Department and the Housing Department on a coordinated arrangement for the display of materials by serving Legislative Council Members and DC members during the By-election period. The Administration would finalize the arrangement by 26 March 2010 and inform the Legislative Council Members and DC members of the arrangement shortly.

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### **Constitutional development**

2.14 Mr Paul TSE opined that the Administration should conduct a study on whether the Legislative Council functional constituencies should be retained or abolished and how the electorate base of the functional constituencies could be broadened as soon as possible. He expressed dissatisfaction that there was no provision in 2010-2011 for the study. SCMA responded that through the discussions of the Commission on Strategic Development in 2006, the Administration conducted studies on the universal suffrage models for the Legislative Council, including how the functional constituencies should be dealt with, and that CMAB had allocated resources for promoting public understanding of the relevant issues.

2.15 Mr Paul TSE noted that a provision of \$16 million was set aside for promoting the Basic Law and queried how the funding would be spent. He opined that the current work was inadequate and suggested that more resources be allocated for studying and explaining to the public the various provisions in the Basic Law and how these provisions were related to current issues, such as the so-called "referendum campaign" staged through the By-election and the proposed lowering of the compulsory sale threshold under the Land (Compulsory Sale for Redevelopment) Ordinance (Cap. 545). He considered that the Administration should explain to the public how their rights were protected under the Basic Law.

2.16 SCMA said that the controversial issues mentioned by Mr TSE could not be simply explained with a few promotional activities. They could only be explicated through the legislative process and/or court proceedings. As regards the provision of \$16 million for promoting public understanding of the Basic Law, he advised that this was an ongoing area of work and the promotion strategy would continue to focus on relating the Basic Law to the daily life aspects of the general public.

2.17 Dr Margaret NG enquired about the provision for the publicity of the Consultation Document on the Methods for Selecting the Chief Executive and for Forming the Legislative Council in 2012. SCMA advised that the overall provision for the public consultation exercise was around \$4.4 million, of which about \$2.3 million was spent mainly on publicity, organization of open and regional forums and printing of the consultation documents. He remarked that recent opinion surveys conducted by various academic, non-governmental and media organizations indicated that there were more respondents who supported the overall directions put forth by the Administration regarding the two electoral methods for 2012. This showed increased public awareness of the proposals. SCMA further advised that a separate provision of \$4 million had been earmarked

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for publicizing the package of proposals for the 2012 elections to be announced later, and the total provision would amount to about \$6.7 million when staff costs were taken into account.

2.18 Dr Margaret NG opined that \$4.4 million was a small provision for such an important public consultation exercise, especially when a number of surveys revealed that more than 50% of the population did not know the contents of the proposals in the consultation document. She asked whether the Administration was reluctant to strengthen the publicity work for fear that enhanced public understanding of the proposals would lower the level of public support for them.

2.19 SCMA responded that recent opinion surveys conducted by various academic, non-governmental and media organizations indicated that there were more respondents who supported the overall directions put forth by the Administration regarding the two electoral methods for 2012. He explained that since the establishment of the Constitutional Development Task Force in 2004, it had been the Administration's practice to allocate resources for publicizing the contents of consultation documents and reports related to constitutional development. The funds allocated to the publicity for the proposals on the 2012 elections were no less than those for similar exercises in the past. While the issues relating to the 2012 elections were controversial, the general public would have their own views after assessing the opinions of different political parties and critics. The public would have greater awareness of the proposals after the Administration had announced the package of proposals for the 2012 elections.

### **Taiwan-related matters**

2.20 Ms LI Fung-ying noted that the Administration would set up a Hong Kong-Taiwan Economic and Cultural Cooperation and Promotion Council (ECCPC) as a non-government entity to enhance cooperation between Hong Kong and Taiwan. She asked about the details of resource allocated to support ECCPC's activities and other related work.

2.21 Given the importance of developing the cooperation relationship between Hong Kong and Taiwan, Ir Dr Raymond HO queried why only \$10 million was earmarked in 2010-2011 for fostering the relationship.

2.22 SCMA advised that the Administration had set aside \$10 million for supporting ECCPC's activities and related works. Apart from establishing the ECCPC and bilateral business cooperation committees, the Chief Executive also

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mentioned in his 2009-2010 Policy Address that a multi-functional office would be established in Taiwan at an appropriate time and in an appropriate format to enhance high-level exchanges between the two places. The Administration would discuss with the relevant authorities in Taiwan the detailed arrangements for setting up the office. SCMA responded that the Administration would also strengthen the staffing support for handling matters related to Taiwan and the Mainland, and two time-limited supernumerary directorate posts for three years including one at D2 level would be created, for which provision had been included in the 2010-2011 Estimates.

2.23 Ms Miriam LAU enquired about the progress of the issue of the avoidance of double taxation raised during SCMA's visit to Taiwan last June. SCMA advised that the Administration would actively follow up the issue together with other public policies that were of concern to Hong Kong and Taiwan, through interactions between the ECCPC and the Taiwan-Hong Kong Economic and Cultural Cooperation Council, and other appropriate platforms.

2.24 Dr LAM Tai-fai said that the Guangdong authorities had been actively pursuing economic, trade and cultural exchanges with Taiwan, and asked when the Administration would set up the ECCPC to work out concrete initiatives for cooperation with Taiwan. He also enquired about the scope of bilateral cooperation initiatives to be pursued, for example, mutual visa-free arrangements.

2.25 SCMA advised that the future ECCPC and the bilateral business cooperation committees would serve as platforms for facilitating interactions and cooperation between Hong Kong and Taiwan in the public policy and economic areas. He anticipated that these platforms would be established shortly, as Hong Kong was only awaiting the Taiwan authorities to complete their final stage of preparatory work. He further advised that several Directors of Bureau visited Taiwan in 2009 and 2010, and the Financial Secretary planned to visit Taiwan with delegates of the ECCPC and bilateral business cooperation committees in 2010. Since the Hong Kong Trade Development Council had years of experience in promoting Hong Kong's economic and trade relations, the bilateral business cooperation committees would work with the Council in initiating activities to foster the relationship with Taiwan. On measures to facilitate the entry of Taiwan visitors, he advised that the Administration had been taking progressive steps in this direction. At present, holders of the 'Mainland Travel Permit for Taiwan Residents' could visit Hong Kong any time without a separate entry visa.

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### **Mainland affairs**

#### Cooperation between Hong Kong and the Mainland

2.26 Ir Dr Raymond HO said that he supported the initiative of drawing up a framework agreement for Hong Kong–Guangdong cooperation to lay a foundation for both parties to seek to incorporate Hong Kong–Guangdong cooperation initiatives into the National 12<sup>th</sup> Five-Year Plan. He commented that the Beijing Office and the Hong Kong Economic and Trade Offices in Guangdong, Shanghai and Chengdu had greatly facilitated the cooperation, exchange and integration between Hong Kong and the Mainland, and asked whether the Administration had any plan to set up an economic and trade office in Wuhan. IR Dr HO also urged the Administration to closely monitor the expenditure of the reconstruction projects in Sichuan supported by the Government of the Hong Kong Special Administrative Region (HKSAR).

2.27 Mr Jeffrey LAM welcomed the Administration's initiatives in drawing up the framework agreement for Hong Kong–Guangdong cooperation and in formulating other regional cooperation plans. He urged the Administration to incorporate the views given by the industrial and commercial sectors into its complementary work for preparation of the National 12<sup>th</sup> Five-Year Plan, with a view to further developing Hong Kong's economy and creating more employment opportunities in Hong Kong. He also opined that the Administration should allocate more resources to strengthen the capacity of the offices of the HKSAR Government in the Mainland in providing assistance to Hong Kong businessmen operating in the Mainland.

2.28 SCMA advised that the Administration had a holistic strategy for handling Mainland affairs. At the macro level, the Administration was in liaison with the relevant authorities in Beijing on the complementary work for the preparation of the National 12<sup>th</sup> Five-Year Plan. At the provincial and municipal levels, the Administration worked closely with the Guangdong authorities and was drawing up the framework agreement for Hong Kong–Guangdong cooperation in accordance with the Outline of the Plan for the Reform and Development of the Pearl River Delta. The HKSAR Government would also strive to facilitate the development of Hong Kong's services industries in the Mainland market, especially in Qianhai of Shenzhen. The Administration would actively consider the establishment of new offices in the Mainland for reinforcing the cooperation with the relevant authorities in the central part and coastal areas of the Mainland.

2.29 Ms Miriam LAU enquired about the activities covered by the provision of about \$240,000 for carrying out liaison activities with the Mainland

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authorities such as the National Development and Reform Commission in relation to the preparation of the National 12<sup>th</sup> Five-Year Plan. She expressed concern that such liaison activities alone might not be effective in helping the HKSAR Government actively participate in the preparation of the National 12<sup>th</sup> Five-Year Plan.

2.30 SCMA advised that the Chief Executive had discussed with the Premier of the State Council about the National 12<sup>th</sup> Five-Year Plan. With the positive response of the Premier, the National Development and Reform Commission and the relevant ministries of the Central People's Government were receptive to the proposals put forth by the HKSAR Government. The Administration expected that the Central People's Government's policies towards Hong Kong under the National 12<sup>th</sup> Five-Year Plan would be further enhanced in breadth and depth. The provision of \$240,000 would mainly be used for some working level meetings. Other relevant government units such as the Central Policy Unit had separate provisions for large-scale events such as seminars.

2.31 Ms Miriam LAU enquired whether the Administration was only in liaison with the National Development and Reform Commission regarding HKSAR Government's participation in the preparation of the National 12<sup>th</sup> Five-Year Plan. She also enquired how the Administration would gauge the views of Legislative Council Members and the public on issues about the National 12<sup>th</sup> Five-Year Plan. SCMA advised that the Administration would actively follow up the views expressed by Members, commentators and organizations (such as trade organizations) on issues pertinent to the preparation of the National 12<sup>th</sup> Five-Year Plan. While CMAB liaised with the Hong Kong and Macao Affairs Office of the State Council on the preparation of the National 12<sup>th</sup> Five-Year Plan, other relevant policy bureaux also liaised with their counterpart ministries of the Central People's Government such as the Ministry of Commerce and the Ministry of Health on related matters.

2.32 Mr WONG Ting-kwong noted that a Shenzhen Liaison Unit to be established under the Hong Kong Economic and Trade Office in Guangdong would commence operation in the second quarter of 2010. He enquired about the duration and functions of the Unit, and whether similar units would be established in other major cities in the Mainland.

2.33 SCMA advised that the establishment of the Shenzhen Liaison Unit was part of the on going efforts to foster the Hong Kong–Guangdong and Hong Kong–Shenzhen cooperation on a number of important initiatives recently developed. Examples of such initiatives were the arrangement for non-Guangdong residents ordinarily residing in Shenzhen to apply for Individual

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Visit endorsements in Shenzhen to visit Hong Kong, the development of Qianhai in Shenzhen and the proposed rail link connecting the airports in Shenzhen and Hong Kong. As currently planned, the Shenzhen Liaison Unit would operate for a period of three years and would be staffed by a Principal Trade Officer, a new post to be created, and several locally engaged staff. The Permanent Secretary for Constitutional and Mainland Affairs (PSCMA) advised that an annual provision of \$2.9 million had been set aside for operating the Unit. SCMA further advised that whether similar units would be set up in other places in the Mainland would be considered in the light of future needs, policy developments and the effectiveness of the Shenzhen Liaison Unit.

2.34 Ms Cyd HO queried whether the Administration would provide the full version of the signed cooperation arrangements between Hong Kong and Mainland authorities. She opined that the documents would facilitate Members to monitor the progress of the Administration's work in taking forward the initiatives. SCMA advised that the cooperation between Hong Kong and Guangdong and other places in the Mainland covered a wide spectrum of policy areas. Where important cooperation arrangements had been signed, the Administration would update the Panel on Commerce and Industry or other relevant Panels and provide relevant information including copies of the signed documents. If there was a need to introduce legislation or seek funds to implement the cooperation arrangements, the Administration would also brief Members on the relevant details to obtain their support.

2.35 Ms Cyd HO noted that 27.5% of the provision (\$262 million) for "Programme (2): Constitutional and Mainland Affairs" under CMAB in 2010-2011 was to cover the expenditure on the initiatives of complementing the preparation of the National 12<sup>th</sup> Five-Year Plan and enhancing exchanges and cooperation with Taiwan. She enquired about the provision allocated for public consultation on those initiatives, and asked whether consultation documents would be issued to solicit views from the public. She was concerned that the Administration would simply execute such initiatives without consultation.

2.36 SCMA advised that since the cooperation initiatives involved a wide spectrum of policies, individual bureaux were responsible for deciding how to consult the public on the initiatives under their purviews. CMAB mainly played a coordinating role in facilitating effective interactions and exchanges among the parties concerned. On the work to complement the preparation of the National 12<sup>th</sup> Five-Year Plan, the Administration would consult not only relevant sectors in the community but also the local academia. The general public would have opportunities to express their views on the various initiatives, such as at the meetings of the Legislative Council panels and various public forums.

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### Media activities in the Mainland

2.37 Mr Albert HO said that some Hong Kong journalists had been interfered by Mainland public security officers when they covered news in Sichuan and Xinjiang recently, and some journalists reported that they had been assaulted. He asked what actions had been taken by the Beijing Office to follow up these incidents with the Mainland authorities.

2.38 SCMA advised that the Chief Executive had met the Minister of Public Security of the Central People's Government and raised concerns over the incidents. The Ministry had assured the HKSAR Government that the incidents would be handled according to the laws in the Mainland and Hong Kong journalists were entitled to the freedom of conducting legal reporting activities in the Mainland. The Administration would continue to liaise with the relevant authorities on the matter. The Director, Beijing Office (DBO) supplemented that the Administration had reflected to the Hong Kong and Macao Affairs Office of the State Council the concerns of the Hong Kong media about the difficulties Hong Kong journalists had encountered in conducting reporting activities in the Mainland. He understood that the Office was actively studying ways to improve the current arrangements.

2.39 Mr Albert HO expressed concern that the Mainland authorities had not yet released the investigation results on the incidents. The Hong Kong media, in particular the journalists concerned, were eager to know if any party should be responsible for the incidents. DBO advised that the investigation conducted by the relevant ministries was still in progress and the Beijing Office had not yet received further information about the incidents. Mr Albert HO urged the Administration to actively follow up on the incidents. SCMA advised that the Administration would keep Members informed of any developments.

### Assistance to Hong Kong residents detained in the Mainland

2.40 In reply to Mr Albert HO's enquiry, DBO advised that of the 11 assistance seekers in the Mainland who had returned to Hong Kong in 2009, one assistance seeker was released as a result of the intervention made by the Beijing Office.

### Hong Kong Hall in the Great Hall of the People in Beijing

2.41 Mr IP Kwok-him opined that the HKSAR Government should take up the responsibility for the upkeep of the Hong Kong Hall in the Great Hall of the People in Beijing, as it symbolized that Hong Kong was an integral part of



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China. He pointed out that the HKSAR Government had not provided any financial support for the Hong Kong Hall while the governments in other provinces and autonomous regions in the Mainland took up the responsibility for maintaining their halls in the Great Hall of the People. Financial support for the Hong Kong Hall came from a private fund established a long time ago by some members of the public, including the Hong Kong deputies to the National People's Congress and the Hong Kong members of the National Committee of the Chinese People's Political Consultative Conference. He queried why the Administration did not set aside any provision in the 2010-2011 Estimates to support the operation of the Hong Kong Hall.

2.42 SCMA said that before the Handover in 1997, some members of the public who participated in the affairs of the National People's Congress had set up a fund to support the Hong Kong Hall. He acknowledged that the Hong Kong members of the National Committee of the Chinese People's, Political Consultative Conference and the Hong Kong deputies to the National People's Congress and its management unit had expressed concerns about the long-term arrangements for the Hall. He assured members that the Administration would keep in view the matter and consider appropriate actions in due course.

2.43 Mr IP Kwok-him said that the HKSAR Government had the responsibility to support the upkeep of the Hall regardless of the position of the existing fund. Ir Dr Raymond HO shared this view, and urged the Administration to make a prompt decision on the matter. SCMA responded that the fund still had a remaining balance and the Administration would consider whether a provision should be included in next year's Estimates to provide funding support for the Hall.

### Shanghai World Expo 2010

2.44 Mr Jeffrey LAM said that while considerable public funds had been allocated to Hong Kong's participation in the Shanghai World Expo 2010, especially the construction and operation of the Hong Kong Pavilion, not all Hong Kong people would be able to attend the Expo and see the exhibitions and events on site. He asked whether the Administration would allocate funds for the production of a short movie about the Expo for public broadcasting.

2.45 SCMA advised that the public could access information about the Expo through the Expo Shanghai Online set up by the Shanghai authorities. A television announcement of public interest about Hong Kong's participation in the Expo was under preparation. The Administration would consider arranging television broadcasting of the programmes of the "Hong Kong week" held from

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18 to 22 October 2010. PSCMA supplemented that the Administration had already posted information at the “Hong Kong at World Expo 2010” website about the Hong Kong Pavilion and Hong Kong’s exhibition in the Urban Best Practices Area for public information, and would continue to update the website with information on the programmes and events to be staged during the Expo period. The website would be maintained for a certain period after the Expo period.

2.46 Mr CHEUNG Hok-ming noted that the quantifiable economic benefits generated by the Expo to Hong Kong were estimated to be between \$250 million and \$375 million at 2008 prices. He asked the Administration to provide an update of the figures based on 2010 prices, taking into account the number of Hong Kong visitors to Expo. Prof Patrick LAU enquired how far Hong Kong’s exhibition in the Urban Best Practices Area would help promote tourism and local creative industries and bring commercial benefits to them.

2.47 SCMA advised that the Bureau of Shanghai World Expo Coordination estimated that more than 70 million people would visit the Expo. The estimate on the quantifiable economic benefits was made by the Government Economist based on the assumption that 6% to 12% of the visitors to Expo would also visit Hong Kong. CMAB would liaise with the Government Economist for an update of the estimate based on 2010 prices. As regards the promotion of Hong Kong’s creative industries, PSCMA advised that a multi media approach would be adopted for the exhibition to demonstrate the achievements of the local creative industries, including the extensive use of smart card and radio frequency identification technologies. The Hong Kong Pavilion with three floors would showcase Hong Kong’s connectivity with the Mainland and the world and other themes about Hong Kong such as the free flows of information and capital, cultural harmony and openness.

2.48 Prof Patrick LAU asked whether the Hong Kong Pavilion could be relocated to Hong Kong after the Expo, and whether the exhibits would be retained for further exhibition in Hong Kong. SCMA said that the Administration had requested the Bureau of Shanghai World Expo Coordination to preserve the Hong Kong Pavilion on the Expo site. If the request was not accepted, the Administration would explore the possibility of relocating all or part of the exhibits to Hong Kong. PSCMA supplemented that part of the exhibits such as the multimedia production could be relocated to Hong Kong. As regards the Hong Kong Pavilion structure, although the materials used for building the Pavilion was environmental-friendly, there were technical constraints for relocating the Pavilion to Hong Kong, such as the availability of space for its accommodation. While the relevant Mainland authority had advised that the

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Pavilion should be demolished after the Expo under normal arrangements, the Administration would make an effort to preserve it on the Expo site.

### **Equal Opportunities Commission**

2.49 Mr CHEUNG Man-kwong commented that the majority of investigations initiated by the EOC in 2009 were related to rather trivial matters which could be easily resolved by relevant government departments through routine inspections and established regulatory mechanisms. He considered that EOC should focus on issues that had significant implications on the society. The Democratic Party suggested that EOC should undertake studies on four areas, namely, whether the existing education system had elements that discriminated against ethnic minorities; whether the implementation of integrated education could genuinely take care of students with disabilities; whether the staff promotion system of the civil service discriminated against ethnic minorities; and whether mental patients and local South Asians were suffering from discrimination in some implicit ways. Mr CHEUNG opined that findings of such studies would shed light on how to rectify relevant policies and practices, and promote public awareness and understanding of the anti-discrimination statutes.

2.50 SCMA advised that EOC was responsible for following up cases under its purview, even if they might appear to be trivial. EOC fully recognized the importance of promoting racial harmony and equality and ensuring adequate support for ethnic minorities. He understood that EOC was actively considering the suggestions made by some of its members to carry out more studies at the macro policy level.

2.51 Mr CHEUNG Man-kwong noted that out of the 117 cases that could not be successfully conciliated by EOC in 2009, only 31 cases (26%) were granted legal assistance for instigating legal actions. He considered that the percentage was too low, and criticized that the eligibility criteria for obtaining legal assistance from the Commission were even more stringent than those of the Legal Aid Department. Noting that EOC had only incurred \$92,000 for providing legal assistance for the 31 cases, Mr CHEUNG asked whether EOC would adopt a more forthcoming attitude in providing legal assistance to meet public expectations.

2.52 SCMA advised that as an independent statutory body, EOC was empowered to make its own decisions on how to handle its cases. The Commission had an objective mechanism for handling requests for legal assistance. The Commission had made financial provision to offer legal

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assistance, and its reserve, which could be up to 25% of its annual recurrent subvention, could be used to cover its expenditure including legal assistance. If necessary, the Administration was also willing to consider allocating more funds to the Commission to cover its expenditure on providing legal assistance. SCMA undertook to reflect the views of Mr CHEUNG Man-kwong to the Commission.

## **Chapter III : Civil Service**

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3.1 At the invitation of the Chairman, Miss Denise YUE, Secretary for the Civil Service (SCS), briefed members on the civil service establishment, recruitment, and the financial provisions which were related to the central management of the civil service (Appendix IV-2).

### **Civil service establishment**

3.2 Mr LEE Cheuk-yan noted that in the 2010-2011 Estimates, only a 0.6 % increase (about 1 050 posts) in the civil service establishment was projected, while the government expenditure would increase by about 7%. He queried whether such a modest increase in the civil service establishment would be able to meet rising public expectations and demands for new or improved public services as reflected by the increase in government expenditure. Mr LEE cited the example that only seven non-directorate posts would be added to the Labour Department establishment despite the growing demand for employment service, the increase in the complexity and number of Labour Tribunal cases, the deteriorating problem of wage arrears, and the need for greater efforts to ensure occupational safety and health. He also mentioned that only four additional posts would be created for the Buildings Department despite the rising public concern about building safety. Mr LEE added that it was in general difficult for the bureaux/departments (B/Ds) to apply for additional manpower provisions which were often turned down by the Government. B/Ds therefore had to employ non-civil service contract (NCSC) staff, or even use agency workers to cope with the heavy workload. Mr LEE considered such a phenomenon unhealthy, and urged the Administration to review the civil service establishment and ensure that the staff increase was reasonably proportional to the increase in government expenditure.

3.3 SCS disagreed to the suggestion of linking the civil service establishment to government expenditure because an increase in government expenditure might sometimes be attributed to inflation or increase in the number of Government payout recipients, such as pensioners, rather than increase in service needs. SCS advised that while the Administration was committed to keeping the establishment under control in order to maintain a lean and efficient civil service in keeping with the principles of "Big Market, Small Government" and prudent management of public resources, there was no pre-set ceiling on the size of the civil service establishment. She assured members that there was already an objective resource allocation mechanism overseen by the Chief Secretary for Administration for considering B/Ds' requests for additional posts and thus the civil service establishment could be increased as necessary. Apart from increasing the civil service manpower, additional service needs could also be met through internal redeployment, streamlining of service delivery processes and automation.

## **Chapter III : Civil Service**

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3.4 Mr LEE Cheuk-yan maintained the view that discounting those factors mentioned by SCS such as inflation and increase of pensioners, etc, the increase in new public services should be far more than 0.6%, and that a 0.6% increase in the civil service establishment would be insufficient to meet demands for new or improved services.

3.5 As regards Dr PAN Pey-chyou's enquiry about the projected reduction of 63 posts in the Education Bureau in 2010-2011, SCS agreed to provide written supplementary information.

### **Succession problem of the civil service**

3.6 Mr CHEUNG Man-kwong expressed concern about the increasing succession problem in various departments including the Hong Kong Police Force, the Fire Services Department, the Hospital Authority (HA), the works departments, the Judiciary and also the Department of Justice, where the percentage of retiring directorate officers was rather high. He called for measures to address the succession problem in these departments, in particular the Judiciary and the Department of Justice, where the staff establishments and hence the pools of potential successors were small.

3.7 SCS noted that the Judiciary operated independently from the Government, and only a few of its directorate officers who were responsible for personnel management were civil servants. She explained that due to the rapid expansion of the civil service in the 1970s and 1980s, quite a large number of civil servants recruited during these periods were approaching retirement. To tackle the succession problem of the civil service, the Civil Service Bureau (CSB) had adopted a two-pronged approach, including stepping up training and development efforts at all levels to prepare staff to take up responsibilities at higher ranks, and meeting with Heads of Department (HoDs) individually and regularly to discuss the succession situation at the senior and directorate levels to ensure that timely measures were taken to address the succession problem. Special measures were also taken where circumstances warranted to extend the retirement age of individual civil servants on a case-by-case basis and to fill directorate posts by open recruitment. SCS added that she had been liaising closely with B/Ds concerned on their directorate succession plans for the coming five to 10 years.

3.8 Noting that the number of civil servants serving on extension of service and re-employment after retirement in 2009 was about 19% of the number of civil servants who retired in the same year, Mr TAM Yiu-chung asked about the reasons for such a high percentage and the departments and ranks involved. SCS advised that most cases involved short-term extension of one to four months to

## **Chapter III : Civil Service**

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enable the staff concerned to follow through the implementation of projects for which they were responsible and which would be completed very soon. Approval was granted in those cases which were justified on grounds of operational need and in the interest of the public. A small number of cases were also approved to address the succession problem in departments where the manpower supply had faced a world-wide shortage, as in the case of Air Traffic Control Officers.

3.9 Mr TAM Yiu-chung enquired whether applications for extension of service or re-employment after retirement had to be approved by CSB, and whether the B/Ds concerned would be reminded to step up efforts to address the succession problem so revealed. SCS responded that for cases of final extension of service for not more than 90 days, only cases that involved HoDs had to be approved by CSB. For others, the approving authority was the HoD concerned. However, for extension of service or re-employment after retirement exceeding 90 days and beyond retirement age, the HoD concerned would need to provide justifications to and consult the Public Service Commission where applicable. SCS added that the succession problem was caused by a number of factors including requests for early retirement on health or personal reasons or belated succession planning. In reply to Mr TAM's further enquiry, SCS advised that retired civil servants should normally not be re-employed for more than three years under existing regulations, and cases approved by herself mostly involved durations of re-employment for six months to one year.

### **Fringe benefits of civil servants**

3.10 Ms LI Fung-ying requested for a breakdown of the allocation of \$335.4 million proposed for 2010-2011 to meet payment and reimbursement of medical fees and hospital charges. She asked about the reasons for the significant increase of more than \$110 million in the provision as compared to that in the 2009-2010 revised estimates. SCS responded that based on past experience, the provision would mainly be used for reimbursement of medical fees. The increase in provision was mainly caused by an increase in the number of serving and retired civil servants and their eligible dependents, and the emergence of new medical treatment and drugs, which were classified as self-financed items in HA's Drug Formulary.

3.11 Ms LI Fung-ying suggested that the Administration should liaise with HA and the bureau concerned on the possibility of expanding the Drug Formulary so that civil servants needed not purchase the required drugs themselves from drug stores and seek reimbursement afterwards. She considered that this would be cost-saving to the Government considering that HA could bulk purchase drugs at

### **Chapter III : Civil Service**

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lower prices. SCS informed members that over 60% of the self-financed drugs required by civil service eligible persons were cancer drugs which were dispensed by HA though classified as self-financed items in HA's Drug Formulary. She added that it was for HA to decide which drugs were to be included in its Drug Formulary.

3.12 In response to Mr LEE Cheuk-yan, SCS clarified that the increase in the number of cases for payment and reimbursement of medical fees and hospital charges reflected the number of claims and not the number of claimants. The increase in claims might be attributed to advancement in medicine and hence increase in the number of treatment sessions.

3.13 Mr LEE Cheuk-yan asked whether consideration would be given to taking out medical insurance for civil servants, considering the substantial expenditure for reimbursing medical fees and hospital charges. SCS advised that if a basic medical insurance package was to be taken out for the some 530 000 civil service eligible persons, the provisions required would be at least 10 times more than the present allocation under Programme (7) "Medical and Dental Treatment for Civil Servants" of Head 37 "Department of Health". She added that CSB was keeping a close watch on the progress of the public consultation on the healthcare reform, under which a medical insurance and savings scheme had been proposed.

3.14 Dr PAN Pey-chyou urged the Administration to extend the provision of the medical and dental benefits for civil servants to NCSC staff. SCS explained that NCSC staff were not part of the permanent civil service establishment. NCSC staff's package was an all-inclusive one and no medical and dental benefits would be provided separately. Dr PAN considered that CSB should change the existing policy which was unfair to NCSC staff, and that medical benefits should be provided as these were basic fringe benefits for an employee.

3.15 As regards the School Passage Allowance, Dr PAN Pey-chyou opined that it should also cover countries in addition to the United Kingdom because there should not be restriction on the choice of countries for study, and that it might be less expensive to study on the Mainland. SCS responded that the allowance was an obsolete benefit no longer available to recruits to the civil service since 1 August 1996. The Administration had no plan to relax the existing eligibility criteria which were laid down in the employment contracts concerned.



## Chapter III : Civil Service

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### Civil service pay adjustment

3.16 Mr Paul CHAN enquired about the Administration's considerations in deciding not to introduce a piece of general enabling legislation to provide the legal framework for implementing upward and downward civil service pay adjustments. SCS responded that the option had been discussed by a consultative group comprising representatives from major staff unions and representatives of CSB since some three years before. The mainstream view expressed by the staff side representatives was in opposition to the option, and they preferred, instead, the enactment of one-off legislation to implement each pay reduction as and when it occurred. They also pointed out that, even if the proposed general enabling legislation was in place, the proposed pay adjustment rate would still have to be prescribed by way of subsidiary legislation. Moreover, as the criteria for considering civil service pay adjustments would probably be spelt out in the proposed general enabling legislation, any modification to the criteria would still require legislative amendments.

3.17 In response to Mr Paul CHAN's further enquiry, SCS confirmed that the Administration had so far mainly consulted civil servants on the desirability of introducing the general enabling legislation. Mr CHAN said that the public might have the impression that the Administration was reluctant to introduce the proposed general enabling legislation because of the objection by civil servants. As the community might support the proposed general enabling legislation to avoid politicization of future civil service pay adjustments, he suggested that the Administration should also conduct consultation with parties other than civil servants.

3.18 In response, SCS advised that for reasons she had just explained, even if the suggested general enabling legislation was in place, further legislative amendments would still be unavoidable. Notwithstanding that, SCS undertook that the Administration would continue to discuss with the staff side representatives on the development of an effective means for implementing upward and downward pay adjustments. SCS also pointed out that under Article 105 of the Basic Law, the right of individuals to the acquisition, use, disposal and inheritance of property was protected. As it was not possible to recover the pay which an officer had already accrued and entitled to through services performed, downward adjustments of civil service pay could not be implemented with retrospective effect, and had to take effect from a prospective date to be agreed upon. At Mr Paul CHAN's request, SCS agreed to provide information on the legal advice obtained by the Administration in this regard. Mr CHAN also requested the Administration to include details of any plan to conduct consultation with parties other than civil servants on the proposed general enabling legislation on civil service pay adjustments.

## **Chapter III : Civil Service**

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### **Development and management of the civil service**

3.19 Mr Paul CHAN asked about the details of the \$3 million provision for internet-related training in 2009-2010. The Deputy Secretary for the Civil Service (3) advised that the \$3 million was the total expenditure for all e-Learning programmes from which the entire civil service workforce could benefit, including not only internet-related training but also web courses on various subjects, such as language skills, management, quality service, leadership, information technology (IT) application, and development of the Internet. Classroom training on internet usage was also provided through service providers and 350 such courses attended by some 5 800 civil servants had been organized in 2009. The cost involved, absorbed by participating departments, was about \$1 million, which meant that the average cost of each participant was \$170.

3.20 Mr Paul CHAN asked whether IT skill was an aspect of performance evaluation in the appraisal of a civil servant. The Deputy Secretary for Civil Service (3) responded that the IT skill of a civil servant would also be evaluated if his/her performance of duties required IT application.

3.21 On disciplinary procedures, Mr IP Wai-ming proposed that to ensure civil servants in the civilian grades and in the disciplined services grades were treated fairly in internal disciplinary proceedings, legal assistance should be provided to enable officers involved in disciplinary proceedings to engage legal representatives to act for them at relevant disciplinary hearings. SCS responded that it had been the Government's intention to conduct disciplinary hearings without undue formality. At present, civil servants in the civilian grades and in disciplined services grades who were subject to disciplinary proceedings could submit applications for legal representation in disciplinary hearings if they so wished. After considering any such application, the disciplinary authority would give approval where fairness required. However, the Administration considered it inappropriate to use public funds to provide legal assistance to the officers involved.

3.22 Mr IP Wai-ming considered it unfair to require the civil servants subject to internal disciplinary proceedings to bear the cost for defending themselves especially if the charges were unfounded. He considered that legal assistance should be provided for these civil servants. To prevent abuse, the Administration could ask the civil servants concerned to pay back the legal assistance if the charges against them were substantiated. SCS responded that if a civil servant was aggrieved by the outcome of the disciplinary proceedings against him/her, he/she could appeal to SCS or the Chief Executive where appropriate. He/She might also seek judicial review of the outcome of the

### **Chapter III : Civil Service**

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relevant disciplinary proceedings. SCS said that as various appeal channels were available, the Administration did not consider it necessary to provide legal assistance to the officers concerned.

## **Chapter IV : Financial Services**

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4.1 At the invitation of the Chairman, Prof K C CHAN, Secretary for Financial Services and the Treasury (SFST), briefed members on the proposed budget and the major policy initiatives in respect of financial services in 2010-2011 (Appendix IV-3).

### **Complaints relating to mis-selling of structured financial products**

4.2 Regarding some 800 complaint cases in which there was evidence to show that the banks were involved in mis-selling of Lehman-Brothers related investment products, Mr TAM Yiu-chung said that the Hong Kong Monetary Authority (HKMA) had advised the complainants concerned to negotiate with the banks for a compensation/settlement. Mr TAM enquired whether HKMA would advise the complainants how they could take forward the matter. Mr TAM also enquired about the progress of the investigations into the complaints relating to Octave Notes.

4.3 In response, SFST and the Under Secretary for Financial Services and the Treasury advised that HKMA had recently announced the progress of its investigations into complaint cases concerning Lehman-Brothers related investment products. Where HKMA found that there was prima facie evidence of Authorized Institutions (AIs) being involved in mis-selling investment products, HKMA would refer the cases to the Securities and Futures Commission (SFC) for follow-up under the Securities and Futures Ordinance (Cap. 571). HKMA would also inform the AIs and the complainants concerned of the findings, and the AIs and complainants could seek to reach a settlement under the Lehman Brothers-Related Products Dispute Mediation and Arbitration Scheme. If complainants had any questions about their cases, they might contact HKMA to seek clarification. SFC would take follow-up actions on the complaint cases irrespective of whether a settlement had been reached. Complaints about the mis-selling of Octave Notes by AIs were being handled by HKMA.

### **Proposed establishment of a Financial Dispute Resolution Centre**

4.4 Mr Albert HO recalled that in the wake of the Lehman-Brothers Minibonds Incident, the regulators in Hong Kong had recommended the establishment of a Financial Service Ombudsman (FSO), similar to those ombudsmen in the United Kingdom (UK) and Australia, which had the power to investigate into allegations of malpractices and related matters. He noted that the Administration's current proposal was to establish a Financial Dispute Resolution Centre (FDRC) to resolve monetary disputes between investors and financial institutions. He asked whether the Administration would still pursue the proposal on the establishment of a FSO.

## **Chapter IV : Financial Services**

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4.5 SFST responded that the proposed FDRC was similar in nature to a financial ombudsman scheme in other countries, such as the UK and Australia, despite their different names. In a financial ombudsman scheme, financial institutions were obliged to enter into mediation with the aggrieved parties, and if no settlement could be reached through mediation, the ombudsman would make adjudication. The powers of the proposed FDRC were no different from those of the overseas ombudsmen. For instance, the Financial Ombudsman Service in the UK only had the power to collect information but not the power to conduct investigation, and the power of investigation rested with the regulator or the enforcement agency.

4.6 Mr Albert HO opined that if the proposed FDRC performed similar functions as a FSO, the name of FSO should be adopted. Where investigation into allegations of malpractices was warranted, the FSO/FDRC should seek cooperation with the relevant regulatory authorities. SFST responded that the proposed FDRC and the regulatory authorities would enter into memoranda of understanding to clearly spell out their working relationship.

### **Insurance**

#### Independent Insurance Authority

4.7 Mr CHAN Kin-por enquired about the time table for establishing the independent Insurance Authority. SFST advised that the extended consultancy study on the proposed independent Insurance Authority would be completed in a few months' time, and the overall proposals would be drawn up for public consultation afterwards.

4.8 Ms Cyd HO opined that the consultation on the proposed independent Insurance Authority should not be limited to the relevant trade associations; it should also cover the general public as well as the Consumer Council, since the principal aim of setting up the Insurance Authority was to protect the interests of insurance policyholders. Ms HO enquired about the amount of resources allocated for consultation with the public and the trades respectively, and whether the consultation would be conducted concurrently with the consultation on the proposed health insurance cum medical saving scheme which was an initiative under the healthcare financing reform.

4.9 SFST advised that the proposed establishment of an independent Insurance Authority sought to enhance market stability and protection of policyholders' interests by introducing improvement measures to the existing regulatory regime as being examined by the consultancy study. The Permanent

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## **Chapter IV : Financial Services**

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Secretary for Financial Services and the Treasury (Financial Services) (PS(FS)) added that public consultation would be conducted after completion of the extended consultancy study, and the consultation would cover the stakeholders and the general public. Resources had already been earmarked for the publication of consultation paper and holding of seminars, etc.

### Policyholders' Protection Fund

4.10 Mr CHAN Kin-por enquired whether provision had been allocated in the 2010-2011 Estimates for the setting up of a Policyholders' Protection Fund (PPF). He said that it would take time to build up the Fund from the levies imposed on insurance policies, and the Government might need to make financial commitment for the initial set-up cost.

4.11 PS(FS) responded that the Administration was conducting an actuarial study to examine the detailed arrangements and to draw up overall proposals for establishing the PPF, which would be the subject of public consultation later this year and hence no provision had been included in the 2010-2011 Estimates for setting up the Fund. Based on the experiences in overseas countries, a PPF might be set up initially through a loan from the government or from the market under the guarantee of the government. This and other options would be examined in the study.

### **Promoting market development**

#### Renminbi trade settlement services

4.12 Mr WONG Ting-kwong expressed concern that the banking sector had to operate under many restrictions on Renminbi trade settlement services. He enquired whether the Administration had explored measures to improve the situation.

4.13 SFST responded that the fact that Renminbi was not yet an international currency and that the Mainland's capital account had yet to be fully liberalized had provided an opportunity for Hong Kong to develop offshore Renminbi business. With the implementation of the pilot scheme on Renminbi trade settlement in Hong Kong since July 2009, a number of enterprises had benefited under the scheme. The Administration was optimistic about the further development of Renminbi business in Hong Kong. Looking ahead, the Government would conduct further studies and continue to liaise with the relevant Mainland authorities to promote the development of Renminbi-denominated investment products in Hong Kong, such as Renminbi bonds.

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4.14 Mr CHAN Kin-por enquired about the progress of the discussion with the relevant Mainland authorities on the development of Renminbi insurance business in Hong Kong. SFST said that the development of Renminbi insurance business was part of the Administration's initiatives to enhance Hong Kong's position as an offshore Renminbi business centre. The Administration was discussing relevant issues with the Mainland authorities.

### Financial cooperation with the Mainland

4.15 Mr WONG Ting-kwong pointed out that as promulgated by the Central People's Government, Shanghai would be developed into an international financial centre. He enquired about the initiatives taken by the Administration to enhance cooperation between the financial markets in Hong Kong and Shanghai.

4.16 SFST pointed out that the financial markets in Hong Kong and Shanghai had their own characteristics and functions, and the two markets would not conflict with each other. The collaboration of the two markets would create a win-win situation, and the two sides were considering measures to facilitate two-way flow of financial institutions, instruments, capital and talents.

4.17 Mr CHAN Kam-lam noted that Hong Kong and Shanghai had signed the Memorandum of Understanding Concerning Advancing Hong Kong–Shanghai Financial Cooperation on 19 January 2010 to enhance cooperation in the development of securities and bond markets, encouraging mutual establishment of financial institutions, and training and exchange of financial talents. He asked whether the planned creation of one non-directorate officer (Administrative Officer) in the Financial Services Branch in 2010-2011 would be sufficient to cope with the increased workload in strengthening financial cooperation with the Mainland. He also enquired about the existing number and ranking of staff undertaking the responsibilities.

4.18 SFST responded that a wide range of initiatives were being pursued to enhance financial cooperation between Hong Kong and the Mainland. All officers in the Financial Services Branch were involved, to a certain extent, in these initiatives. PS(FS) added that currently a directorate officer and a non-directorate officer in the Financial Services Branch were responsible for the overall coordination work on advancing the financial cooperation between Hong Kong and the Mainland. In addition, Financial Services and the Treasury Bureau collaborated with relevant financial regulators, such as HKMA and SFC, to take forward the cooperation initiatives.

## **Chapter IV : Financial Services**

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4.19 At Mr CHAN Kam-lam's request, the Administration agreed to provide supplementary information on the overall staff deployment arrangements for the work on advancing financial cooperation between Hong Kong and the Mainland, and the annual expenditure involved.

### Government Bond Programme

4.20 Mr Albert HO enquired why the Government did not arrange sale of government bonds to retail buyers, given the strong demand from retail buyers and the low interest rate situation. SFST responded that the Government Bond Programme aimed to promote the further and sustainable development of the local bond market by issuing government bonds on an ongoing and systematic basis. It was not intended to replace or crowd out the bond issuance by the private sector. The Government had to consider, inter alia, market conditions in deciding the details and timing of issue of government bonds for both the institutional and retail investors. A committee comprising experts from the relevant fields had been set up to provide the Government with advice on, inter alia, refinement of the Government Bond Programme. He added that it took time to fully develop the local bond market.

### Islamic bond market

4.21 Mr Ronny TONG and Mr Albert HO enquired about the progress on development of the Islamic bond market in Hong Kong. SFST advised that the Government's plan was to introduce into the Legislative Council the legislative proposal for leveling the playing field for common types of Islamic bonds vis-à-vis conventional bonds in respect of tax liabilities in 2010. He remarked that issuance of Islamic bonds in Hong Kong was primarily a market-driven initiative.

### **Hearing of tribunal cases**

4.22 Mr Ronny TONG expressed concern about the significant increase (from \$3.81 million in 2009-2010 to \$11.54 million in 2010-2011) in the provision for hiring professional services for the hearing of tribunal cases on market misconduct and securities and futures appeals, while the number of cases remained stable (i.e. four cases each in 2009-2010 and 2010-2011). Mr TONG asked whether the cases to be heard in 2010-2011 were the same cases carried over from 2009-2010. He further asked whether the costs recovered from successful prosecution cases would be used to offset the expenses in the same subhead, or ploughed back to the General Revenue Account. He was concerned that in the latter case, the Administration and Legislative Council might not be able to assess the successful prosecution rate and the suitability of the prosecution standard.



## **Chapter IV : Financial Services**

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4.23 PS(FS) responded that the provision for 2010-2011 was worked out based on the complexity and the estimated days of the hearing of the cases to be heard during the year, and past expenditure pattern of similar cases, such as the average hearing days, the need for hiring verbatim reporters, expert witnesses and/or e-conferences, etc. The lower expenses in 2009-2010 were mainly a result of fewer hearing days for the cases. PS(FS) pointed out that the four cases to be heard in 2010-2011 were different from the cases in 2009-2010. For successful prosecution cases, the litigation costs paid by the defendants would be credited back into the Government's General Revenue Account. PS(FS) stressed that the Market Misconduct Tribunal (MMT) conducted hearing, on market misconduct cases instituted under the Securities and Futures Ordinance (Cap. 571), and did not operate on a cost-recovery basis. Apart from ordering payment of fines and/or costs, the MMT might prohibit a market participant from certain types of market activities, or from acting as a director of a listed entity. The outcomes of the MMT hearings were published, and placed on the MMT website for public information.

4.24 Mr CHAN Kam-lam referred to the outsourcing of legal services for hearings of tribunal cases on insider dealing, market misconduct and securities and futures appeals, and requested the Administration to provide information on the criteria for selection of legal firms to handle the cases, the names of the legal firms and the amount of payments made to each firm in 2009-2010 for provision of the legal services. The Administration agreed to provide the information.

### **Public consultation arrangements**

4.25 Mr Ronny TONG noted that the Financial Services Branch had conducted or planned to conduct public consultation on a number of issues, such as the review of corporate rescue procedure legislative proposal, review of the Trustee Ordinance and related matters, the draft Companies Bill, the proposed new anti-money laundering legislation for financial institutions, the proposed establishment of an Investor Education Council and a FDRC, the proposed establishment of an independent Insurance Authority and Policyholders' Protection Fund, and the proposed statutory codification of certain requirements to disclose price sensitive information by listed corporations. He opined that, in addition to gauging the views of the relevant trades/industries, the views of the general public especially the consumers and small shareholders and investors should also be solicited for consideration. Noting that only \$70,500 was allocated for the consultation on the proposed statutory codification of certain requirements to disclose price sensitive information by listed corporations, Mr TONG was concerned whether the provision was sufficient to ensure that the views of all relevant parties, including the consumers/small shareholders and investors, would be gauged in the consultation exercise.

## **Chapter IV : Financial Services**

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4.26 SFST responded that all the public consultation exercises had been and would continue to be conducted in a comprehensive manner, gauging the views of all stakeholders, including those of consumers/small shareholders and investors. PS(FS) pointed out that apart from the relevant trade/industry associations, organizations of small shareholders and investors as well as the general public were invited to give views on the various proposals. Many of the consultation exercises were conducted in collaboration with the relevant regulators/organizations. For instance, seminars were organized in conjunction with the Consumer Council on the proposed establishment of an Investor Education Council during the public consultation exercise. PS(FS) added that in addition to issuing press releases on the consultation exercises, the consultation papers were also uploaded onto the Government website and placed in government offices to invite the public to give views on the proposals.

### **2011 Population Census**

4.27 Ms Cyd HO enquired whether the 2011 Population Census would cover Hong Kong people residing outside Hong Kong. She opined that such statistics would be useful for mapping out social policies, such as the provision of education places in Hong Kong. The Commissioner for Census and Statistics responded that the 2011 Population Census would cover persons residing in Hong Kong only. However, the population census to be carried out in the Mainland in November 2010 would, for the first time, cover persons from Hong Kong, Taiwan, Macao and overseas countries residing in the Mainland. The Administration would make use of the information relevant to Hong Kong as available from the Mainland population census as and when appropriate.

## **Chapter V : Public Finance**

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5.1 At the invitation of the Chairman, Prof K C CHAN, Secretary for Financial Services and the Treasury (SFST), highlighted major initiatives in public finance under his purview in 2010-2011 (Appendix IV-4).

### **Depreciation allowances in respect of machinery or plants under "import processing" arrangements**

5.2 Dr LAM Tai-fai noted that in response to the industrial sector's strong demand for granting depreciation allowances in respect of machinery or plants under the "import processing" arrangements, the Administration had invited the Joint Liaison Committee on Taxation (JLCT) to study the need for reviewing section 39E of the Inland Revenue Ordinance (IRO) (Cap. 112). However, he doubted the representativeness of JLCT, which only comprised representatives of the Hong Kong General Chamber of Commerce and the American Chamber of Commerce but not other major chambers of commerce, nor representatives of the small and medium-sized enterprises. Dr LAM asked whether the Administration would set up a dedicated committee consisted of representatives of all relevant major chambers of commerce and trade associations to review section 39E of IRO.

5.3 In response, SFST said that the review of section 39E of IRO was complicated and technically difficult, and thus required careful consideration. JLCT comprised members who were experienced tax experts, accountants, and representatives of relevant trade associations, and had proved to be an effective consultation mechanism. JLCT had in the past provided valuable recommendations to the Government in considering major revisions of the taxation system. The Administration would encourage JLCT to gauge the views of the relevant industries and sectors in conducting the review on section 39E of IRO.

### **Government quarters**

5.4 Mr Albert HO enquired about the rationale for the sale of civil servants' housing loans to the Hong Kong Mortgage Corporation. He also enquired about the number of domestic flats owned by the Government for use as quarters for civil servants and the long-term arrangements for these government flats.

5.5 The Deputy Secretary for Financial Services and the Treasury (Treasury)<sup>2</sup> advised that the civil servants' housing loans were sold to the Hong Kong Mortgage Corporation to obviate the need for the Administration to administer the loans. The Government Property Administrator advised that there

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were two types of quarters for civil servants, i.e. non-departmental quarters (NDQs) for senior civil servants and departmental quarters for married officers in the disciplined services departments. Since the revision of civil service welfare and benefits policy in October 1990, officers joining the civil service after October 1990 would not be entitled to NDQs and hence its demand had been decreasing. If market conditions were favourable, surplus NDQs would be sold in batches and by phases. Otherwise, they would be temporarily leased at market rate. Except those under renovation or put up for leasing, nearly no NDQ was left vacant. In the past year, the Administration had sold about 100 NDQs, and currently there were still about 770. As regards the departmental quarters for married officers in the disciplined services departments, the Administration had no plan to sell them.

### **Relocation of government offices**

5.6 Mr Jeffrey LAM noted that the Government planned to gradually relocate the 27 policy bureaux/departments in the three government office buildings at the Wan Chai waterfront to other districts, and would study the feasibility of making use of old industrial buildings in the relocation of the departments affected. He asked about the factors to be considered in deciding whether the government offices would be relocated to old industrial buildings. Mr LAM opined that in revitalizing old industrial buildings, the Administration should also improve the ancillary facilities in the vicinity.

5.7 In reply, SFST and the Government Property Administrator advised that the Administration would assess different options for relocation of government offices, including building or purchasing new offices, and revitalization of old industrial buildings for the relocation purpose. When identifying suitable old industrial buildings for relocation, the Government would consider factors such as accessibility of the premises in view of the operational needs of the bureaux/departments concerned, convenience to the users of the relevant services, structural safety of the buildings, and the cost-effectiveness of refurbishment of the buildings for use as government offices.

### **Profits tax on property transactions**

5.8 Mr IP Wai-ming referred to the initiative mentioned in the Financial Secretary's Budget Speech that the Inland Revenue Department (IRD) had established procedures to track property transactions involving speculation and would follow up each case closely. Mr IP noted that if it was found that such transactions constituted a business, IRD would levy profits tax on the persons or companies concerned for profits arising from such transactions. However, while

## **Chapter V : Public Finance**

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IRD had identified 6 700 and 4 300 cases in 2007-2008 and 2008-2009 respectively as potential dealing cases requiring follow-up actions, IRD did not provide statistics on the tax assessments made ultimately or the amount of tax assessed from these cases. He enquired whether IRD's efforts in this regard could be expressed in quantifiable terms.

5.9 In response, the Commissioner of Inland Revenue (CIR) explained that the figures mentioned by Mr IP only showed those cases identified by periodic computer selection from IRD's database on property transactions. As the property dealing transactions reported by taxpayers in their tax returns accounted for the majority of property dealing cases handled by IRD, the numbers did not represent a full picture of property dealing cases handled by IRD. CIR stressed that IRD had adopted stringent procedures to identify property dealing cases for levying profits tax for a number of years, and in most cases IRD was successful in levying profits tax on those transactions involving speculation. However, due to manpower constraints, IRD had not gathered statistics on the tax assessments eventually made. The Permanent Secretary for Financial Services and the Treasury (Treasury) and the Deputy Secretary for Financial Services and the Treasury (Treasury)<sup>2</sup> supplemented that IRD had taken steps to identify property speculation cases for the purpose of levying profits tax. Since the handling of some cases might straddle over a number of years, it would be difficult, if not impossible, for IRD to trace back past tax records to compile statistics on the number of successful cases and the amount of profits taxes collected in such cases. Moreover, the taxpayers concerned might be involved in other business, and assessment of their profits taxes had to take into account the profits/losses of those other business. Given the substantial work involved, it would not be practicable or cost-effective for IRD to separately gather statistics on the results of IRD's follow-up actions on all the property dealing cases that might involve speculation.

5.10 While appreciating that extra resources would be required to trace back the old cases, Mr IP Wai-ming asked whether IRD could, starting from 2010-2011, compile statistics on cases relating to speculative activities. CIR assured members that IRD had spared no effort in following up property dealing cases that might involve speculation. However, compiling statistics on the tax assessments made ultimately or the amount of profits tax collected from those cases would require substantial extra resources. Even if such resources were available, it would be more cost-effective for IRD to deploy the additional manpower for investigation or audit activities to combat tax evasion.

## Chapter V : Public Finance

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### Tobacco control

5.11 Mr Vincent FANG expressed concern about the significant decrease of nearly 20% in the number of illicit cigarettes seized by the Customs and Excise Department (C&ED) in its enforcement actions in 2009 as compared to 2008. Mr FANG was also concerned that more people might resort to buying illicit cigarettes as the Financial Secretary had proposed to abolish duty-free concessions on tobacco products for incoming passengers.

5.12 The Commissioner of Customs and Excise (C of C&E) responded that the number of cigarettes seized in C&ED's enforcement operations had fluctuated over the years. The figure in 2008 was much higher than that in 2009 mainly because C&ED detected three major cases of re-exporting smuggled cigarettes, resulting in a total seizure of 14 million sticks of illicit cigarettes in 2008. No similar case involving large quantities of illicit cigarettes was detected in 2009. Smugglers had reduced the quantity of illicit cigarettes for smuggling or transaction each time in order to reduce their loss upon being detected. C of C&E stressed that the abolishment of duty-free concessions on tobacco products for incoming passengers would also facilitate C&ED in combating the problem of cigarette smuggling by "courier" passengers. Based on the overall policy of discouraging people from smoking, the C&ED would step up enforcement actions against on-street sale of illicit cigarettes and would enhance liaison with the District Councils in identifying the black spots. The Administration would also step up publicity against the sale of "illicit cigarettes" by highlighting the point that both the seller and the buyer were liable to criminal prosecution.

5.13 Mr WONG Ting-kwong said that there were reports in the mass media that some illicit cigarettes were not made of tobacco, and these cigarettes could seriously undermine the health of the smokers. He enquired whether C&ED had detected any fake cigarettes in its operations and how the department would follow up with such cases.

5.14 C of C&E responded that so far only counterfeit cigarettes had been found in anti-illicit cigarette operations. As all such cigarettes seized would be destroyed, C&ED did not have information on whether fake cigarettes were involved in those operations. In recent years, C&ED had not received any report from the public on fake cigarettes. Suspected cases of fake cigarettes would be referred to the Department of Health and the Government Laboratory for appropriate follow-up actions.

## **Chapter V : Public Finance**

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### **Examination of revenue proposals by the Legislative Council**

5.15 The Chairman remarked that the special Finance Committee meetings were arranged for discussion of the expenditure of the Government as presented in the Budget. A similar platform was not available for members to discuss proposals in the Budget about the revenue of the Government. This might give the public an impression that the Legislative Council only scrutinized Government expenditure and did not systematically deal with matters relating to Government revenue. The Chairman requested the Legislative Council Secretariat to raise the issue with the Administration to work out appropriate arrangement for examination of the revenue proposals.

## **Chapter VI : Commerce, Industry and Tourism**

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6.1 At the invitation of the Chairman, Mrs Rita LAU, Secretary for Commerce and Economic Development (SCED), briefed members on the financial provisions and the key areas of work under the Commerce, Industry and Tourism portfolio for the 2010-2011 financial year (Appendix IV-5).

### **Commerce and Industry**

#### Supporting measures for enterprises

6.2 Mr Jeffrey LAM asked whether the Administration would further extend the application period for the Special Loan Guarantee Scheme (SpGS) upon expiry of the six-month extension period in June 2010 in the face of the uncertainties in the global economy and external environment. While he appreciated that it was time to let the credit market gradually resume its normal operation, the timing to cease receiving loan applications under the SpGS was important to avoid undermining the economic recovery in the region. He urged the Administration to give sufficient notice to and consult the trade associations before deciding on the way forward. Ms Miriam LAU also expressed concern about the timing for terminating the SpGS, as the recovery of certain industries still needed consolidation.

6.3 SCED said that the SpGS was a time-limited measure introduced to tackle the credit crunch problem arising from the global financial crisis. The Administration was closely monitoring the pace of the economic recovery in Hong Kong and other countries, and would consider when to let the credit market resume its normal operation, having regard to the global economy, economic prospects of Hong Kong, and the credit situation. She assured members that the Administration would have regard to views of the trade, and give sufficient notice to the participating banks and the traders.

6.4 Mrs Sophie LEUNG said that other than the SpGS, the Administration should seek to enhance other on going support measures to help the small and medium enterprises (SMEs) sustain their businesses. SCED replied that a series of enhancement measures for SME funding schemes had been introduced to strengthen support for SMEs. These included enhancing the flexibility in the use of loans under the "SME Loan Guarantee Scheme", broadening the scope of the "SME Export Marketing Fund" and increasing its grant ceiling. The "SME Development Fund" covered projects which would help enhance the competitiveness of SMEs.



## **Chapter VI : Commerce, Industry and Tourism**

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### Development of the exhibition industry in Hong Kong

6.5 Mr WONG Ting-kwong expressed concern about the imbalance of the utilization rate of the Hong Kong Convention and Exhibition Centre (HKCEC) and the AsiaWorld-Expo (AWE). He enquired about the measures to enhance cooperation between HKCEC and AWE to make better use of their facilities.

6.6 Noting that the Government was the biggest shareholder of AWE and a Board Member of the Hong Kong Trade Development Council (HKTDC), Mr LEE Wing-tat asked about the Government's stance on the expansion plan of AWE and the proposed Phase 3 development of the HKCEC in view of the long-term demand for convention and exhibition facilities in Hong Kong. With the great increases of total exhibition space in Hong Kong upon the commissioning of AWE (which was capable of further expansion to 100 000 sq m) and the completion of the atrium link between Phase 1 and Phase 2 of the HKCEC, Mr LEE urged the Administration to prudently examine the overall development of the convention and exhibition industry and review the long-term supply and demand of exhibition facilities in Hong Kong to ensure cost-effective deployment of resources. As there was already heavy concentration of facilities in the Central and Wanchai districts, he called on the Government to actively explore the feasibility of developing the facilities in other areas, such as making use of the vast space available in AWE, taking into account the overall long-term planning on land use.

6.7 SCED said that AWE had been in operation for only four years, and had good prospects and plenty of room for further business development. While the present utilization of AWE was not very high, the occupancy rate had on the whole been improving. The Government had been assisting AWE in improving its utilization by actively attracting different types of major international exhibitions and conventions to AWE, as well as providing support to their organizers as appropriate. As a shareholder of AWE, the Government would encourage and facilitate the utilization of AWE by various ways such as leveraging on the advantages of its proximity to the airport and the Mainland. To enhance utilization of the two major exhibition facilities in Hong Kong, and to maximize the use of the two exhibition venues, the Government would continue to encourage and facilitate AWE, HKTDC and HKCEC to collaborate on exhibition projects, through, for example, the "one show, two locations" arrangement (i.e. staging an exhibition in the two venues at the same time). The Hong Kong Jewellery and Gem Fair 2009 held concurrently at HKCEC and AWE last September was a good example. SCED stressed that the Administration had not yet decided on the development of the HKCEC Phase 3. The Administration would continue to monitor the long-term demand for convention and exhibition

## **Chapter VI : Commerce, Industry and Tourism**

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facilities in Hong Kong and plan for the provision of additional quality facilities when needed.

6.8 Mr Albert HO enquired about the criteria for allocating \$374.5 million subvention to HKTDC in 2010-2011 which accounted for about 18% to 25% of its annual income. He queried why HKTDC's annual estimates were not scrutinized by the Legislative Council, and its accounts were not subject to audit examination and value-for-money audits of the Audit Commission.

6.9 SCED and the Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (PS(CIT)) explained that the subvention to HKTDC was determined having regard to the Government's financial position, HKTDC's funding requirements, and by way of reference to 60% of the total amount of trade declaration charges received in the preceding year. The Hong Kong Trade Development Council Ordinance under which HKTDC was established did not subject HKTDC to the Audit Commission's audits. However, HKTDC received less than half of its income from public moneys, hence it did not automatically fall within the scope of Audit Commission's audit according to an established understanding of the scope of value-for-money audits undertaken by the Director of Audit. Nonetheless, HKTDC's annual programme of activities and budget estimates were subject to the Financial Secretary's approval. SCED or her representative also sat on the Council of HKTDC and its Staff and Finance Committee which scrutinized HKTDC's key financial and manpower matters.

6.10 Mr Albert HO strongly urged the Administration to consider reviewing the relevant legislation to require HKTDC to present its annual budget to the Legislative Council, as was the case of the Securities and Futures Commission. He considered that HKTDC should also be subject to value-for-money audits of the Audit Commission to enhance transparency and public accountability.

### Trade relations between Hong Kong and the Mainland

6.11 Mr CHAN Kin-por expressed concern about the lack of progress in securing liberalization measures for the insurance sector under the Mainland and Hong Kong Closer Economic Partnership Agreement (CEPA). He urged the Administration to make greater efforts to facilitate the access of Hong Kong insurance companies to the Mainland market by getting market access thresholds lowered under CEPA, as was the case with the banking sector. The Director-General of Trade and Industry noted Mr CHAN's concern and said that the Administration would continue its efforts to seek to expand the scope of liberalization under CEPA.

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6.12 Mr WONG Ting-kwong enquired about the economic benefits brought about by the three "Style Hong Kong" shows in Mainland cities organized by HKTDC in 2009. SCED and the Under Secretary for Commerce and Economic Development said that the promotion activities targeted at Mainland consumers had helped Hong Kong companies gain access to the Mainland market, enhanced brand awareness of Hong Kong products, connected Hong Kong companies with Mainland buyers, and expanded Hong Kong companies' retail markets in the Mainland. These marketing activities were well received and had attracted a large number of Hong Kong exhibitors and Mainland consumers. Five similar exhibitions were planned to be staged in Fuzhou, Shenyang, Shanghai, Jinan and Guangzhou in 2010.

6.13 Responding to Dr LAM Tai-fai's enquiry about specific measures on promoting Hong Kong as a platform for Mainland companies to reach out to the international market, SCED and the Director-General of Investment Promotion said that Invest Hong Kong had been stepping up its investment promotion activities across the Mainland, with Guangdong province as a main focus, to attract Mainland companies to set up their businesses or expand their operations in Hong Kong and to promote Hong Kong as a two-way platform between the Mainland and the rest of the world.

### Further development of wine businesses

6.14 Dr LAM Tai-fai enquired about the Administration's plan on promoting the further development of wine trading and distribution businesses, and the economic benefits brought about by the expansion of the wine-related businesses in Hong Kong. SCED replied that since the wine duty exemption in 2008, market response had been positive with robust growth in wine imports. In addition to the agreements signed with seven wine-producing countries/regions, the Administration was actively pursuing similar agreements with other trading partners such as the United States. The Administration was also considering adding new elements into agreements already signed with some wine-producing countries/regions (e.g. France and Italy) to strengthen the partnership. On the economic benefits to Hong Kong, she said that apart from the profits tax levied on wine-related businesses, the wine duty exemption would also bring benefits to other related economic activities such as catering services and wine education, and create new jobs. Taking into account the overall economic benefits, the loss in Government revenue was considered well justified. The Administration would explore with the Government Economist how the economic benefits could be measured in quantitative terms.

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6.15 Dr LAM Tai-fai enquired whether the Administration would consider holding the "Wine and Dine Festival" in new towns other than on Hong Kong Island and in Kowloon West. SCED said that in view of the success of the "Wine and Dine Festival", the Administration would expand the scale and extend the duration of the event as well as follow up with the Hong Kong Tourism Board (HKTB) on possible venues for holding the event.

6.16 Mr Tommy CHEUNG urged the Administration to assess the long-term manpower demand and training needs of the wine industry and to draw up comprehensive measures to help tap the business opportunities in the Mainland. On the revitalization of industrial buildings and conversion into wine storage facilities, he called on the Administration to explore the feasibility of granting licences for operating restaurants in industrial buildings used for wine storage.

6.17 SCED replied that the Vocational Training Council had launched new wine-related courses and modules, offering a total of over 2 200 places for personnel ranging from sommeliers to frontline staff involved in logistics and warehousing. The Administration would continue to foster close liaison between the wine industry and the training institutions in assessing the longer-term manpower needs and in mapping out the best way for meeting such needs. Apart from facilitating the industry's launch of a wine storage certification scheme and maintaining vigilance in combating counterfeit, facilitation measures for wine re-exported from Hong Kong to the Mainland would be rolled out together with the Mainland General Administration of Customs in the second quarter of 2010 to help the industry tap the business opportunities in the Mainland and across Asia. Continued efforts would be made to discuss with the Mainland General Administration of Quality Supervision, Inspection and Quarantine for further possible facilitation measures.

### Intellectual property

6.18 Mrs Sophie LEUNG called on the Administration to establish a mechanism and provide a channel for the public to lodge complaints on alleged infringement of intellectual property rights including those complaints against Government departments. She urged the Administration to look into the complaints seriously while respecting the complainant's wish to remain anonymous.

6.19 The Director of Intellectual Property said that members of the public could call the enquiry and complaint hotlines of the Intellectual Property Department and the Customs and Excise Department to report on alleged infringements. He undertook to provide statistics on the number of complaints

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and reports on alleged infringement of intellectual property rights received in 2009.

### Competition Law

6.20 Noting that no provision had been reserved for the enforcement of the Competition Bill in the 2010-2011 Budget, Mr Ronny TONG enquired about the tentative timetable for introducing the Competition Bill into the Legislative Council. SCED replied that the Administration was proceeding full steam with the drafting of the Competition Bill. In view of the complexity of the Bill, the Commerce and Economic Development Bureau had been working with various bureaux and departments to examine the scope and contents of relevant provisions to finalize the details of the Bill. While the preparatory work was no easy task, the Administration would strive to maintain the original target to introduce the Bill in the current legislative session. Funding would be sought at an appropriate time depending on the progress of the legislative process.

### **Tourism**

#### Mega Events Fund

6.21 Mrs Sophie LEUNG enquired about arts, cultural and sports events funded by the Mega Events Fund (MEF) targeting at youths. SCED and PS(CIT) said that Hong Kong Tennis Classic 2010 and a number of traditional cultural activities and musical festivals supported by the MEF were large-scale events that would be of interest to youngsters.

6.22 Mr Paul TSE queried why the detailed breakdown of expenditure of each of the seven MEF events had not been provided. SCED advised that while there was an upper limit of funding for the seven projects approved under the MEF, the actual amount of funding for each event could be determined only after the projects had been completed and the organizers provided their reports. The detailed breakdown of expenses would be available after the Government had examined the audited accounts and evaluation reports submitted by the organizers.

#### Promoting the development of tourism

6.23 Referring to the tourism promotion efforts (including placing advertisements on television and media) undertaken by neighbouring countries such as Macao, Singapore, Malaysia and Australia to attract visitors worldwide, Ms Miriam LAU expressed concern that Hong Kong had not done enough in this regard to attract overseas visitors. She urged the Administration and HKTb to

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step up overseas promotion activities to enhance Hong Kong's tourism competitiveness and to attract more overseas visitors to Hong Kong.

6.24 SCED responded that the Government had been making on-going efforts to improve our tourism infrastructure and step up promotion to strengthen Hong Kong's position as a premier travel destination in Asia. Leveraging on the increased popularity of the Internet, HKTb had already made wider use of information technology in its promotion work such as enhancing the functions of its website and cooperating with travel portals and social media networks to market Hong Kong overseas. HKTb would also adopt new and cost-effective promotional tools through the Internet and mobile phones, such as launching Asia's first three-dimensional mobile travel guide and using other widely-used interactive applications. The Executive Director of HKTb advised that there was a 5.6% increase in the financial provision for tourism promotion in 2010-2011, of which 60% was allocated for overseas promotion and the remaining 40% for promotion activities in the Mainland.

6.25 Mr Paul TSE expressed concern about the possible overlap of the work of the various organizations regulating and promoting the tourism trade in Hong Kong. He enquired whether the Advisory Committee on Travel Agents had ever discussed the feasibility of merging the Travel Industry Council with the Travel Agents Registry.

6.26 SCED said that the review of the Travel Industry Council was underway. Upon its completion, the Administration would report the findings to the Panel on Economic Development. The Tourism Commission headed by the Commissioner of Tourism (C for Tourism) was responsible for monitoring the operations of the Travel Industry Council and overseeing the daily operation of the Travel Agents Registry. C for Tourism added that the Travel Agents Registry was also required to submit its annual performance reports to the Advisory Committee on Travel Agents, a statutory advisory body established under the Travel Agents Ordinance (Cap. 218) comprising members from various sectors, professionals and travel agents to advise the Chief Executive on matters relating to the administration of the Ordinance.

6.27 Dr PAN Pey-chyou expressed concern that no funding had been provided for additional staffing and for commissioning consultancy study in respect of the on going tourism projects such as the Aberdeen Tourism Project and Lei Yue Mun Waterfront Enhancement Project, etc.

6.28 SCED and C for Tourism replied that as the projects were still at the initial design stage, no expenditure for the works or additional staffing would be

## **Chapter VI : Commerce, Industry and Tourism**

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incurred in this coming year. The preparatory and planning work would be undertaken by the Tourism Commission and the relevant Government departments within their existing resources. The Administration had been maintaining regular contacts with the District Councils concerned, and HKTB had conducted opinion surveys regularly to gather public views on tourism projects. Professional consultancy services would be enlisted as and when necessary, and funding approval for the projects would be sought in accordance with the established procedures where necessary.

### Subvention for Hong Kong Tourism Board

6.29 Mr Vincent FANG expressed concern that there was no long-term plan for promoting tourism and the Government subvention to HKTB had dropped in the past two years. He asked the Government to consider increasing the recurrent provision for HKTB to organize events such as the "Wine and Dine Festival" which had been successful in attracting overseas tourists as well as benefiting local residents. He also urged the Administration to put in more resources for organizing events to help increase visitor arrivals, stimulate consumer spending, and increase domestic consumption, thereby benefiting the retail and catering businesses.

6.30 SCED replied that in addition to Government subvention, HKTB's funding sources also included commercial sponsorship and advertising income. The Administration had also provided additional funding support to projects undertaken by HKTB on a case by case basis. The Administration hoped that HKTB would continue to actively develop new sources of income and deploy new creative promotion strategies. Apart from festive events such as the Dragon Boat Races organized by HKTB, events under MEF and other tourism infrastructure such as the Disneyland would also attract overseas visitors and benefit local people.

6.31 Noting that more local residents than overseas visitors participated in the "Wine and Dine Festival", Mr Paul TSE doubted whether the event had served the purpose of attracting overseas visitors to Hong Kong. He urged that the Administration should ensure that the resources of HKTB were properly deployed to promote Hong Kong to overseas markets and attract overseas visitors to Hong Kong.

6.32 Mr Vincent FANG expressed concern about the lack of provision for the Christmas tree in Central as this would dampen the festive atmosphere. SCED said that the Administration would look into the matter and explore the feasibility of re-using the Christmas tree in future.

## **Chapter VI : Commerce, Industry and Tourism**

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### Cruise terminal project at Kai Tak

6.33 Mr Ronny TONG enquired about the progress of the new cruise terminal project at Kai Tak, and expressed concern that no funding had been earmarked for marketing efforts to promote Hong Kong as a leading regional cruise cent and for liaison with the cruise industry to pave way for the commissioning of the first berth in mid-2013.

6.34 SCED replied that the current timetable was to advance the completion of the cruise terminal building to mid-2013 to synchronize with the commissioning of the first berth. The Administration would brief the Panel on Economic Development on the latest progress of the tender exercise for the terminal building works, and consult the Panel on the funding proposal in March 2010. As marketing and liaison work would be undertaken within the existing resources of the Tourism Commission in collaboration with HKTB and the trade, no additional manpower and expenses would be incurred at the present stage. Vigorous promotion will be conducted in the coming few years to enable cruise companies to plan their tour packages covering Hong Kong and make berthing bookings at the new terminal at least 18 months before its commissioning.

### **Weather services**

6.35 Mr Fred LI expressed disappointment that despite the installation of a High Performance Computing System for weather prediction, the public was not forewarned of the recent sandstorm until at a late stage. In response, SCED and the Director of Hong Kong Observatory said that the Hong Kong Observatory was providing meteorological data (weather forecast on wind, temperature, humidity, etc.) to the Environmental Protection Department which had an established mechanism to compile and forecast the pollution index.



## **Chapter VII : Communications and Technology**

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7.1 At the invitation of the Chairman, Mrs Rita LAU, Secretary for Commerce and Economic Development (SCED), briefed members on the financial provisions and the key areas of work under the Communications and Technology portfolio for the 2010-2011 financial year (Appendix IV-6).

### **Broadcasting**

#### 2010 World Cup

7.2 Mr CHEUNG Man-kwong asked whether Radio Television Hong Kong (RTHK) would seek to make arrangements with the authorized TV broadcaster of the 2010 World Cup (i.e. Hong Kong Cable Television Limited (HKCTV)) to broadcast the core soccer matches, in the event that the dispute between HKCTV and the two free TV broadcasters over the television coverage of the 2010 World Cup could not be satisfactorily resolved. He said that it was in the public interest for RTHK to make a half-an-hour broadcast of the four core soccer matches by using its surplus airtime, in keeping with RTHK's mission as a public service broadcaster to complement public interest programmes not adequately provided by commercial broadcasters.

7.3 SCED said that the broadcasting rights of the 2010 World Cup was authorized by the football governing body (namely "FIFA") based on commercial considerations. While the Administration was aware of the public concern about access to core World Cup matches on the free-to-air television platform, it was not appropriate for the Government to intervene in commercial negotiations. The Administration would closely monitor the situation, and render assistance, if necessary, to facilitate discussion among the parties concerned. It was hoped that the companies concerned would settle the issue in a way that would best serve the public interests as in the case of the two previous World Cups. She clarified that RTHK currently did not have television channels of its own, and its TV programmes were broadcast through the channels of the two free TV broadcasters.

#### Radio Television of Hong Kong

7.4 Mr Ronny TONG sought details of the resources earmarked for the production of programmes for the World Exposition 2010 Shanghai China (Shanghai Expo) and the national affairs programmes produced by RTHK. He was concerned whether there was any overlap in the provisions.

7.5 The Director of Broadcasting (D of B) replied that funding provided for the two distinct programme areas was separate. A sum of \$500,000 was earmarked for the production of special programmes and flashes covering

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different aspects of the Shanghai Expo, including interviews with the organizers, scholars, cultural personalities and artists to introduce details of the event. For the new national affairs programme in 2010, around \$1 million was reserved for a series of programmes aiming at promoting understanding in the social, political and economic developments of the Mainland, focusing on the development and livelihood in the Pearl River Delta region.

7.6 Responding to Mr LEE Wing-tat's concern whether RTHK was adequately resourced to implement the initiatives on digitization, The Permanent Secretary for Commerce and Economic Development (Communications and Technology) (PS(CT)) said that on top of the allocation of additional spectrum enabling RTHK to provide digital television and new digital audio broadcasting services, resources would also be provided in terms of capital to upgrade and digitize its television and radio studios and production equipment, as well as manpower to launch the new initiatives. A number of supernumerary civil service posts would be created to support preparations for the launch of the digital radio and television services and the re-provisioning of the new Broadcasting House in Tseung Kwan O. The RTHK management and the Commerce and Economic Development Bureau (CEDB) were currently reviewing the manpower and resource requirements and would work out the expenditure estimates for the roll out of the new services. Funding approval would be sought from the Legislative Council when necessary.

7.7 Ms Cyd HO enquired about the number and details of the complaints received by RTHK in each of the past three years (i.e. 2007-2008 to 2009-2010), and the way these complaints were handled. Noting that the programming staff concerned was required to write reports on the complaints received, Ms HO raised concern that this would lead to self-censorship on the part of the programming staff, thereby curtailing freedom of expression.

7.8 D of B replied that among the cases directly received by RTHK or referred by other institutions, some were views and suggestions made on programmes. There were cases, particularly with phone-in programmes, where some people involved in the programmes were dissatisfied that not enough airtime was given to them or were dissatisfied with the programme hosts' expression and style. The complaints and views received were handled in accordance with the "RTHK Producers' Guidelines". Depending on the seriousness of the complaints, where necessary, the staff concerned would be invited to provide views and relevant information to assist in the handling of the case and the drafting of a reply. He assured members that the principle of freedom of expression treasured by RTHK staff would not be jeopardized. D of B agreed to provide information on the number, nature and type of

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complaints and views received by RTHK in respect of radio and television programmes in each of the past three years from 2007-2008 to 2009-2010.

7.9 On the future operation of RTHK, Mr LEE Wing-tat suggested that journalists be represented on or appointed to the proposed RTHK Board of Advisors, and that meetings of the Board of Advisors be open to the public so as to allay the public concern that the proposed Board of Advisors might become a super-power interfering with RTHK's editorial and operational independence.

7.10 SCED noted Mr LEE Wing-tat's suggestion and highlighted that the Charter, to be signed by the Chief Secretary for Administration, D of B and the Chairman of the Broadcasting Authority setting out the relationship of RTHK with the CEDB, the Broadcasting Authority and the Board of Advisors, would serve to further enhance the editorial independence of the new RTHK and the transparency in RTHK's operation.

7.11 In response to Ms Cyd HO's enquiry whether the public and the RTHK staff would be consulted on the proposed Charter, D of B said that RTHK staff had been internally consulted on the draft Charter and the new mission of RTHK as a public service broadcaster. Views of the public would also be taken into account in mapping out the way forward.

7.12 Given that RTHK would remain as a Government department taking up the mission to serve as a public service broadcaster, and that new job opportunities would arise with the launch of the enhanced services, Mr WONG Kwok-hing asked the Government to undertake that the existing RTHK staff on different terms of appointment would not lose their jobs, and the serving non-civil service contract (NCSC) staff would be given priority in filling the newly created civil service vacancies.

7.13 PS(CT) advised that an exercise was currently underway for some serving staff on agreement terms to change to permanent terms. SCED added that some NCSC posts were time-limited posts created for service exigency and would lapse upon completion of the specific project in question. The Administration was not in a position to guarantee the security of tenure and the offer of civil service terms for all serving NCSC staff. NCSC staff could apply for any civil service posts, and vacancies would be filled by open and fair recruitment exercises under the prevailing civil service appointment policy having regard to the applicants' experience and qualifications. While applicants would be considered under the same selection criteria, NCSC staff who had relevant job experience in RTHK and proven track record would naturally have an advantage over other applicants.

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### **Innovative industries**

#### Creative industries

7.14 Mrs Sophie LEUNG referred to the recently announced revitalization of the former Police Married Quarters at Hollywood Road for creative industries purposes. Highlighting the importance of cross-sector collaboration among diverse talent groups in driving the development of creative industries, she urged the Administration to incorporate the cross-over concept in awarding the contract.

7.15 SCED said that revitalization proposals were invited from interested organizations and enterprises for developing the site into an iconic creative industries landmark and a new focus for creative industries in Hong Kong where creative talents would congregate. The Deputy Secretary for Commerce and Economic Development (Communications and Technology) supplemented that in order to realize the project vision of fostering a suitable nurturing environment for creativity, and promoting Hong Kong as Asia's creative capital, the revitalized site might comprise studios for artists and designers from different creative sectors and provide exhibition space and galleries for the display and sale of creative products to help attract patronage to the site. Open days with guided tours would be arranged in mid-April 2010 for prospective applicants to visit the historic site and premises. A workshop would also be organized in late April 2010 to answer application enquiries.

7.16 Mr Ronny TONG questioned the need for installing a set of 3D projection system in the Television and Entertainment Licensing Authority, given that 2D versions of 3D films were available for scrutiny and classification. SCED explained that under the current legislation, films submitted for classification had to be examined in its original format. In view of the increasing popularity of 3D films, a sum of \$1 million was provided for the purchase of the requisite equipment to deal with the censorship of 3D films submitted for classification.

#### E-Government and promoting e-engagement

7.17 Mr Ronny TONG expressed concern that according to the post-implementation departmental returns on completed information technology (IT) projects, less than 50% of the projects were completed on schedule. Sharing a similar concern, Dr Samson TAM enquired about the reasons for the delay. He urged the Administration to conduct a comprehensive review on the implementation of the IT projects as soon as practicable and to put in place improvement measures to help ensure timely completion of the projects.

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7.18 The Government Chief Information Officer said that in over 70% of the cases, the delay was less than six months. According to the bureaux and departments concerned, delays were mainly due to longer time than expected in finalizing user requirements, delays in site preparation, procurement of services, and slippage in finalizing system design, etc. The Office of the Government Chief Information Officer (OGCIO) had introduced an enhanced project governance mechanism in April 2006 to strengthen the monitoring and governance of Government IT projects. Since then, the percentage of projects completed on schedule had gradually increased. In addition, best practice guides on project management covering all phases of the project cycle had been developed. Bureaux and departments were required to adopt the best practices for all new IT projects starting from the end of 2010. It was expected that the proportion of projects completed on schedule would further improve with the adoption of the best practices. However, the full impact would be realized only when all projects commenced prior to 2010 had been completed, which might take several years. The OGCIO would continue to design and implement new processes, tools, sourcing and governance arrangements for IT projects to help expedite delivery of projects.

7.19 Dr Samson TAM noted that currently six political appointees had opened a Facebook account to engage the public. He urged the Administration to put in more resources and implement measures to enhance citizen participation in public services, and facilitate interaction between the Government and citizens using e-engagement tools such as online surveys, writing blogs, hosting dedicated websites and discussion forums, etc.

7.20 SCED acknowledged that social media were getting popular and had become an important engagement channel especially for youths. She said that different bureaux and departments, as well as individual government officials, had conducted a wide variety of e-engagement activities under different policy initiatives from time to time. The OGCIO would advise and review with bureaux and departments their public engagement activities, and the need for public engagement using social media and e-engagement tools. Resources would be allocated as and when necessary.

### Development of Chinese medicine industry in Hong Kong

7.21 Dr PAN Pey-chyou noted that only 32 Chinese medicine-related projects had been funded by the Innovation and Technology Fund since 1999. Only 10 intake places were provided in the graduate programmes for the training of Chinese medicine practitioners in the 2009-2010 academic year, and only \$15 million funding support had been provided under the Guangdong–Hong Kong

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Technology Cooperation Funding Scheme since 2005 to encourage closer research and development (R&D) collaboration with the Mainland Chinese medicine industry. He expressed disappointment at the slow progress and the limited resources injected for the development of Chinese medicine in Hong Kong. He urged the Government to step up its efforts to support the development of the industry in Hong Kong and to promote closer cooperation with the Mainland.

7.22 SCED agreed that there was room for further development of the Chinese medicine industry in Hong Kong. She said that the Government, in collaboration with the industry, the Hong Kong Jockey Club Institute of Chinese Medicine Limited (HKJCICM), the Hong Kong Science and Technology Parks Corporation (Science Park), and the local tertiary institutions, had implemented various initiatives in the areas of testing and certification, R&D and manpower training to promote the development of Chinese medicine in Hong Kong. The Department of Health had been collaborating with local universities in developing standards for Chinese herbal medicines. In terms of R&D facilities, the HKJCICM had helped to promote the development of Chinese medicine through providing support for scientific and evidence-based development programmes with the stakeholders. In addition, The Chinese Medicine Laboratory of HKJCICM and its partners had been offering technical support to the industry to facilitate the development of quality Chinese medicine products. The Science Park had provided infrastructural support to the industry whereby some tenants at the Science Park were engaged in Chinese medicine R&D. In fact, some Chinese medicine companies had already set up manufacturing facilities in the industrial estates. The Government was also committed to promoting the Mainland–Hong Kong collaboration on Chinese medicine to facilitate Chinese medicine development through mutual exchanges.

7.23 The Commissioner of Innovation and Technology assured members that continued efforts would be made to promote the development of Chinese medicine, in particular in the context of enhancing testing and certification. Efforts would also be made to encourage closer R&D collaboration between the Chinese medicine researchers and industry in Hong Kong and Mainland in particular and to step up cooperation with the relevant Mainland authorities to tap into their expertise and resources. The HKJCICM was currently stepping up its work to meet the needs of the industry and to enhance and coordinate cooperation with the Mainland.

## **Chapter VIII : Environment**

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8.1 At the invitation of the Chairman, Mr Edward YAU, Secretary for the Environment (SEN), briefed members on the financial provisions and the main initiatives of the programmes under the Policy Area: Environment for the 2010-2011 financial year (Appendix IV-7).

### **Improving air quality**

#### Impacts of sandstorms from Northern China

8.2 Mr LEE Wing-tat noted with grave concern the high Air Pollution Index (API) readings of close to 400 for the day, which had far exceeded the Administration's goal of achieving an API reading of below 100 for the entire year. He enquired about the means and the timeframe to achieve the goal. SEN said that the air quality of Hong Kong was affected by both local and regional emissions. The unprecedented high API readings for the day had resulted from the influence of the sandstorms from northern China, which had also affected Japan and Taiwan the day before. The Environment Protection Department (EPD) had issued a press release in the early hours of 22 March 2010 to alert the public that API would reach "very high" or "severe" levels and the readings would possibly record 180 or above. An inter-departmental meeting had been held to discuss measures to deal with the situation and advice from the Department of Health had been sought. As people who were sensitive to air pollution (such as people with chronic heart or respiratory illnesses) would be affected, they were advised to reduce physical exertion and outdoor activities. The Education Department had also been advised to take precautionary measures as necessary if the situation persisted. EPD would maintain close liaison with the Hong Kong Observatory and other concerned departments to monitor the change in weather and air quality in a bid to provide the public with the most updated information. According to the Hong Kong Observatory, the air quality was expected to improve in the next few days with the change in wind direction. Meanwhile, the Administration would continue to improve local air quality through emission reduction measures, and step up cross-boundary cooperation to tackle regional pollution problems. In response to the question of Mr LEE, the Permanent Secretary for the Environment (PS(Env)) said that though no specific timing could be cited, the Administration was committed to improving air quality and the goal of the Air Quality programme was to achieve an API reading of below 100 for the entire year.

8.3 Judging from the last-minute warnings and cancellations of outdoor school activities, Mr KAM Nai-wai held the view that the Administration was quite unprepared for the high pollution levels. Given that other affected neighboring places, like Japan and Taiwan, had already issued reports on the

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sandstorms, the Government should have been able to gather relevant data and hold inter-departmental meetings earlier to identify mitigating measures. The present situation was quite contrary to the practice of the Hong Kong Observatory to forecast weather changes for the coming week. He enquired whether the occurrence of sandstorms could be predicted and whether more funds should be allocated to improve the monitoring mechanism on air quality. Expressing a similar concern, Mr CHAN Hak-kan commented that with some \$6 million investment by the Administration in measuring the concentration of fine particulate matters and photochemical compounds in the air, it should be able to collect useful data for improving air quality. SEN said that while sandstorms were not uncommon in the Mainland, these had not affected Hong Kong to such an extent before. This was the first time ever that API readings had reached 500. In line with the existing practice to issue warning when API exceeded 100, EPD issued a warning at 2:00 am on 22 March 2010 when the API reading was about 150 and was expected to rise further. Many schools had since cancelled their outdoor activities except for one school which had subsequently cancelled its sports day event at 9:00 am on that day. SEN added that EPD staff had been working round the clock to gather data on air quality, and inter-departmental meetings were held to coordinate the release of updated information to the public.

8.4 Noting that API readings as high as 500 were recorded in some parts of Hong Kong, Mr CHAN Hak-kan enquired about the precautionary measures to be taken to protect the public, particularly those working outdoors, from the harmful effects of air pollution. Referring to media reports that many elderly people and people who were sensitive to air pollution had fallen ill as a result of the sandstorms, Ms Cyd HO stressed the need for emergency measures to be worked out to cater for similar recurrences as sandstorms were not uncommon in the Mainland. Additional non-recurrent provisions should be earmarked for the conduct of studies on air quality and contingency measures. Apart from outdoor school activities, she enquired whether other activities, such as outdoor work and operation of incinerators, etc., would be suspended in days of extremely poor air quality. She opined that consideration should also be given to granting leave to workmen working outdoors in such situations. The health hazards associated with air pollution as evidenced in the present incident should also justify the need for early replacement of ageing franchised buses with a view to improving air quality.

8.5 In response, SEN said that the high API readings recorded by the air quality monitoring stations for the day had necessitated EPD to issue a warning to alert the public of the air pollution levels at 2:00 am. The high API readings were unprecedented and were a result of the increase in particulate matters arising from the sandstorm from northern China. The situation was not expected to



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persist for a long time with the change in wind direction. To mitigate the adverse impacts of poor air quality, schools were advised to cancel activities involving rigorous exercises while commuters were advised to take public transport instead of driving their own vehicles. The two power companies were also requested to use cleaner fuels for power generation within these few days in an attempt to reduce emissions. As for people working outdoors, SEN explained that the Labour Department had issued safety guidelines on outdoor work. Those suffering from heart and respiratory illnesses should consult their doctors and discuss with their employers whether they should continue outdoor work on days of extremely poor air quality. He assured members that the Administration would closely monitor the situation to see if further measures should be taken.

8.6 Dr PAN Pey-chyou considered it necessary for the Administration to maintain close liaison with the Mainland authorities in respect of climatic changes in different provinces, so that Hong Kong could learn from their experience and be better prepared to deal with difficult weather conditions. He enquired if the Administration had contacted the Mainland authorities regarding measures to control sandstorms. SEN said that the Government of the Hong Kong Special Administrative Region (HKSAR) and the Guangdong Provincial Government had been cooperating on measures to reduce regional air pollution. He agreed with Dr PAN that in addition to the Guangdong Province, Hong Kong should establish close rapport with other provinces as well.

### Control of vehicular emissions

8.7 Mr CHAN Kin-por questioned the effectiveness of the \$3.2 billion one-off grant scheme in encouraging early replacement of pre-Euro and Euro I diesel commercial vehicles, given that there were still 38 100 such vehicles remaining on the roads as at September 2009. He enquired how the unspent funds from the one-off grant scheme could be put to best use to encourage replacement of these highly polluting vehicles. SEN said that the one-off grant scheme had already been extended for pre-Euro vehicles for one and a half years on account of the high fuel price and the poor economic outlook in 2008. It was considered inappropriate to further extend the scheme as this would go against the objective of encouraging early replacement of pre-Euro and Euro I vehicles. However, a special arrangement had been made to help those eligible vehicle owners who had ordered new replacement vehicles that could not arrive on time or could not complete preparations for applying for the one-off grant before the deadline on 31 March 2010 to retain their eligibility for the grant. Owners concerned would need to submit an application for the retention of eligibility for a further period of 12 months on or before 7 April 2010. In addition, the Administration had proposed to provide a one-off grant to encourage owners to

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replace their Euro II diesel commercial vehicles with new ones complying with the prevailing standards. The scheme would involve a total expenditure of about \$540 million. As it was not effective enough to solely rely on incentive schemes to accelerate the phasing out of aged commercial vehicles, the Administration would consult Members on whether suitable disincentive measures, such as increasing the vehicle licence fees, should be introduced to speed up replacement of aged commercial vehicles. Mr CHAN opined that incentive measures would be more desirable, particularly when there were unspent funds from the \$3.2 billion one-off grant scheme.

8.8 Mr Andrew LEUNG said that the implementation of the \$3.2 billion one-off grant scheme had not brought much noticeable improvement to roadside air quality since only about \$0.6 billion worth of funding had been applied for. Hence, he did not have high hope for the proposed \$540 million one-off grant scheme to encourage the early replacement of Euro II diesel commercial vehicles. More should be done to expedite the phasing out of these polluting vehicles for the protection of public health. Noting that some countries had set up low emission zones (LEZs) in busy commercial districts to restrict the entry of more polluting vehicles, he enquired about the feasibility of setting up LEZs in busy districts like Mongkok, Causeway Bay, Kwun Tong and Central. SEN responded that while the setting up of LEZs and rationalization of bus routes would help improve roadside air quality, their implementation would require support from the districts and the community.

8.9 Ms Miriam LAU pointed out that the low take-up rate for the \$3.2 billion one-off grant scheme was mainly attributed to the financial crisis, high fuel cost, and uncertainty over the performance of Euro IV vehicles. She and the transport trades had been trying to line up a meeting with SEN to discuss the related issues and disincentive measures to discourage the continued ownership of aged commercial vehicles, with a view to working out a more feasible solution. SEN said that the Administration had met with the transport trades before to discuss the one-off grant scheme and the means to resolve the problems associated with the performance of Euro IV vehicles. It was hoped that the trades would make use of the grant to replace their aged commercial vehicles before expiry of the scheme.

8.10 Ms Audrey EU asked if consideration could be given to using the unspent funds from the \$3.2 billion one-off grant scheme to buy out the remaining pre-Euro and Euro I vehicles and to subsidize early replacement of aged franchised buses. SEN said that these proposals had been discussed at length at meetings of the Subcommittee on Improving Air Quality. The Administration did not consider it appropriate to buy out polluting commercial vehicles from owners

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using public funds, particularly from those owners who had no intention to continue with their businesses. To further reduce roadside air pollution, the Administration would continue to consider implementing new and enhanced measures, such as the setting up of LEZs and rationalization of bus routes.

8.11 Mr Andrew CHENG sought elaboration on how the proposed \$300 million Pilot Green Transport Fund could help improve air quality. SEN said that the Fund aimed to encourage the public transport operators, particularly buses, public light buses, taxis and ferries, to use innovative green transport technologies. It was trusted that the Fund could assist the industry to promote the use of low-carbon transport technologies. A paper on the subject would be submitted for Members' consideration in due course.

8.12 Given the concern about the substandard quality of liquefied petroleum gas (LPG), which might have caused the frequent breakdown of LPG taxis, Ms Miriam LAU stressed the need for the Electrical and Mechanical Services Department (EMSD) to be more vigilant in the quality control of LPG. Mr WONG Kwok-hing noted that apart from ensuring the quality of LPG to prevent engine breakdown, the taxi trades had urged the Administration to provide more LPG filling stations. The Director of Electrical and Mechanical Services (DEMS) said that EMSD was committed to monitoring the quality of LPG for LPG vehicles. The investigation on the causes of frequent breakdown of LPG taxis had concluded that the quality of LPG was up to the standard set in 2000. EMSD would follow up the recommendations set out in the investigation report, including weekly testing of LPG samples to ensure fuel quality and regular monitoring of LPG filling stations to ensure operational standards. The Director of Electrical and Mechanical Services added that at present, there were 59 LPG filling stations in Hong Kong. Of these, 12 were dedicated LPG filling stations while the remaining 47 were not. Three new LPG filling stations situated at Stanley, Fanling and the Chek Lap Kok Airport would come into operation in 2010. The number and distribution of LPG filling stations would be sufficient for use by LPG vehicles across the territory.

### Review of Air Quality Objectives

8.13 Mr CHAN Kin-por enquired about the preliminary findings of the public consultation on Air Quality Objectives Review, particularly public views on the possible increases in transport and electricity fees arising from the proposed improvement measures. SEN said that while there was general support for the need and certain proposed measures to improve air quality, some respondents had raised concern over the increases in transport and electricity charges. The Government was committed to putting in place policies that were conducive to the

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implementation of the improvement measures, and would finance some of these measures. However, the costs of other improvement measures, such as the use of cleaner fuels for power generation, would have to be shared by stakeholders. The Administration would endeavour to ensure the cost-effectiveness of these measures.

### **Solid waste management**

8.14 Mr CHAN Hak-kan noted that while the amount of waste received at the three strategic landfills in the New Territories was decreasing, the amount of waste received at the Tseung Kwan O Landfill was expected to rise in 2010. He enquired if the increase was due to the expansion of Tseung Kwan O Landfill, and whether the abatement measures were effective to mitigate the odour nuisances at Tseung Kwan O Landfill. PS(Env) clarified that the amount of waste received at the South East New Territories in 2009 was also slightly higher than that in 2008. To monitor the odour level, tenders had been invited for the installation of electronic sensors at Tseung Kwan O Landfill, the progress of which had been reported to the Sai Kung District Council.

8.15 Noting that the first phase of the Organic Waste Treatment Facilities (OWTF) at Siu Ho Wan of North Lantau could only treat 73 000 tonnes of source-separated food waste each year, which comprised a very small percentage of the total food waste generated, Mr WONG Kwok-hing enquired about the long-term treatment plan for food waste. PS(Env) said that of the 2 995 tonnes of food waste generated per day, about 800 tonnes were commercial and industrial waste. The first phase of OWTF at Siu Ho Wan was expected to treat about 200 tonnes of food waste per day, or about 73 000 tonnes per year. Planning for the development of the second phase of OWTF at Sha Leng was underway. On the other hand, publicity on the need to reduce food waste would be stepped up. Through funding from the Environment and Conservation Fund, schools were encouraged to stop using disposable containers and adopt on-site meal portioning where possible to reduce food waste. Mr Andrew LEUNG also enquired if incentives would be provided to encourage private sector participation in the treatment of food waste since facilities operated under commercial principles were often more cost-effective than Government-owned facilities. PS(Env) said that the Administration would welcome participation of the trades in developing waste treatment facilities for food waste.

8.16 Dr PAN Pey-chyou noted that of the 3 499 complaints against dumping of waste received in 2009, only 39 cases were subject to prosecution and 77 cases to fixed penalty. He enquired if the low prosecution figures were attributable to the shortage of manpower resources and/or lack of evidence. PS(Env) explained that enforcement against dumping of waste was difficult because very often these

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activities were carried out in secluded places where no witnesses could be found. Efforts had been stepped up to monitor fly-tipping black spots through installation of closed circuit televisions. SEN said that the Administration had been exchanging views with the Subcommittee on Combating Fly-tipping set up under the Panel on Environmental Affairs on measures to combat fly-tipping. Consideration was being given to amending the Waste Disposal Ordinance (Cap. 354) to introduce a notification mechanism to enable Government departments to be notified in advance of possible depositing of abandoned construction and demolition materials on private land.

### **Energy efficiency**

8.17 Referring to the proposal in the 2009-2010 Policy Address to replace incandescent light bulbs with compact fluorescent lamps (CFLs) through distribution of cash coupons by the two power companies, Ms Audrey EU enquired about the progress of the scheme as it appeared that no provisions had been made in the 2010-2011 Budget for implementation of the scheme. Given that CFLs contained mercury which might cause pollution in the event of improper disposal, she was concerned whether the Chemical Waste Treatment Centre (CWTC) at Tsing Yi had spare capacity to treat waste CFLs, particularly when the amount of waste treated at CWTC had been reduced from 42 000 tonnes in 2008 to 39 100 tonnes in 2009. To promote the use of more energy-efficient lighting, incentive measures should be introduced to encourage the switch. SEN said that the proposed replacement of incandescent light bulbs by CFLs was part of the package of measures to improve energy efficiency. Consideration would be given to implementing the scheme without resulting in an increase in electricity tariff and extending the scheme to include other energy efficient lighting such as light emitting diode, subject to assurance of their performance. On recovery of CFLs and fluorescent tubes, PS(Env) said that about 400 000 CFLs and fluorescent tubes were expected to be recovered in the initial two years of a voluntary programme which had been put in place since March 2008. As at December 2009, about 488 000 CFLs and fluorescent tubes had been recovered. On treatment of CFLs and fluorescent tubes, PS(Env) said that CWTC had been treating various kinds of chemical waste and retrofitting was underway to facilitate treatment of mercury. She assured members that CWTC would have sufficient capacity to treat mercury contained in waste CFLs.

### **Environmental industries**

8.18 Mrs Sophie LEUNG said that there were many recycling industries which were worth supporting. These included the manufacture of blankets from waste plastics by a charitable organization for disaster victims. SEN noted that

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more recycling operations had evolved over the years using different types of recyclable materials. To promote the recycling of waste electrical and electronic equipment, the Administration had launched a public consultation on the proposed introduction of a new producer responsibility scheme on waste electrical and electronic equipment.

8.19 Mrs Sophie LEUNG enquired about the environmental performance of Hong Kong-owned factories in the Pearl River Delta (PRD) Region. SEN said that in April 2008, the Government jointly launched the Cleaner Production Partnership Programme with Guangdong to help Hong Kong-owned factories in the PRD Region to adopt cleaner production (CP) technologies and practices. The Programme had since achieved much progress with funding support provided to about 450 Hong Kong-owned factories. While funding for on-site improvement projects and demonstration projects was granted on a matching basis, participating factories had in effect contributed more to adopt CP technologies and practices. The Programme also had a positive effect on Mainland enterprises, many of which had since adopted similar CP technologies and practices, and helped foster the application of a uniform CP standard recognized by both sides. The Programme had the added advantage of vitalizing the business opportunities of CP technology companies as well as other green industries in the PRD Region. The HKSAR Government and the Guangdong Provincial Government would continue to work closely to achieve common environmental goals in respect of energy efficiency, cleaner production, use of cleaner energy, urban planning and waste management, etc. Both sides would endeavour to include these environmental measures in the National 12<sup>th</sup> Five-Year Plan.

## **Chapter IX : Housing**

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9.1 At the invitation of the Chairman, Ms Eva CHENG, Secretary for Transport and Housing (STH), briefed members on the financial provisions and Government's major initiatives on housing in the 2010-2011 financial year (Appendix IV-8).

### **Public housing**

#### Planning for public housing

9.2 Dr Priscilla LEUNG opined that a coordinated long-term planning strategy on public rental housing (PRH) should be adopted to take account of demographic changes as a result of immigrants from the Mainland as well as increased public awareness on town planning, environmental protection, conservation and protection of the harbour. STH said that the Government and the Hong Kong Housing Authority attached great importance to ensuring adequate land supply for public housing development to meet demand. In planning for PRH, reference had been made to demographic structure and care had been taken to incorporate more green features in building design on the one hand and avoid wall effect on the other. The Deputy Director of Housing (Development and Construction) said that all new public housing developments were planned and designed to meet the latest requirements in respect of ventilation, lighting and spacing between buildings, etc. Efforts would also be made to ensure that sufficient transport infrastructure was available to meet the needs of residents. At Dr LEUNG's request, the Administration undertook to explain the methodology adopted in the planning of PRH developments to take account of demographic changes.

#### Supply of public rental housing

9.3 Mr WONG Kwok-hing said that he was not convinced that the Administration could maintain the average waiting time for PRH at about three years, given that only 2 000 PRH units were available for allocation to some 50 000 non-elderly one-person applicants on the Waiting List (WL) each year, with the waiting time around 25 years. He enquired if consideration would be given to increasing the supply of PRH flats to meet demand. Expressing a similar concern, Mr LEE Cheuk-yan pointed out that many non-elderly one-person WL applicants had to put up with the very high rents for cubicles and bedspace apartments for many years pending allocation of PRH flats. He considered that efforts should be made to shorten the waiting time of these non-elderly singletons. STH said that PRH flats were allocated according to the order of priority. The priority of non-elderly one-person applicants on WL was determined by the points system, under which points would be allotted based on

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the applicant's age when his/her application was registered among other factors. The more points the applicant got, the earlier a flat would be allocated upon fulfilling other PRH eligibility criteria. The average waiting times for non-elderly one-person applicants in 2006-2007, 2007-2008, and 2008-2009 were 2.3 years, 1.9 years, and 1.8 years respectively. The waiting time for non-elderly one-person WL applicants in the age groups of 30 to 39 and 40 to 49 was 2.4 years, while the waiting time for those WL applicants aged 50 or over was 1.6 years. Compassionate rehousing would be considered for cases involving hardship of various natures. The Express Flat Allocation Scheme was also available if applicants were willing to accept those not so popular flats.

9.4 Mr LEE Cheuk-yan however pointed out many non-elderly one-person WL applicants could not enjoy flat allocation even if they were willing to accept the unpopular flats under the express allocation scheme. Some of them had waited for more than 10 years for PRH flats. STH said that one possibility could be that some applicants were not permanent residents of Hong Kong when their applications were registered and did not meet the residence requirement for allocation of a PRH flat yet. The Director of Housing said that it was decided in 2005 that priority in the allocation of PRH flats would be given to families and elderly persons on WL. Non-elderly singletons were accorded lower priority as they could choose to live with their families.

9.5 Given the long waiting list for Senior Citizens Residence Scheme (SCRS) provided by the Hong Kong Housing Society (HS), Mr TAM Yiu-chung enquired if the Administration would provide more land for HS to increase the supply of SCRS flats for the elderly. Consideration should also be given to requesting HS to provide more flats for younger applicants such as non-elderly singletons and two-person families. STH said that HS would develop two elderly housing projects at Tanner Road and Tin Shui Wai. The Administration would be pleased to discuss with HS if it had proposals on the further provision of elderly flats. As regards creating a special allocation quota for non-elderly singletons and two-person families, STH pointed out that subsidized public housing was meant for low-income families who could not afford rental housing in the private sector, and any preferential allocation favouring one group against other groups in the community would need to be carefully considered as it deviated from the current housing policy.

### Rent payment for public rental housing tenants

9.6 While welcoming the Financial Secretary's proposal to pay rents for PRH tenants for two months, Ms LI Fung-ying asked if the same relief measure could be provided to those applicants who had fulfilled all the eligibility criteria



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for PRH and had been on WL for more than three years, since these applicants should have been eligible for the proposed rent payment had they been allocated PRH flats earlier. STH said that rent payment had been provided to assist PRH tenants to tide over financial hardship during economic downturn. Applicants on WL would not be entitled to such benefits.

### **Subsidized housing**

#### Re-launching of Home Ownership Scheme

9.7 Mr WONG Kwok-hing was concerned that there would be no more stock of subsidized housing units left after some 4 000 surplus Home Ownership Scheme (HOS) flats and 838 surplus Sandwich Class Housing Scheme (SCHS) flats had been sold. The lack of supply of subsidized housing might undermine the Administration's ability to curb speculation in the property market. Hence, consideration should be given to constructing a suitable number of HOS flats to meet market demand. Expressing a similar concern, Mr CHAN Kam-lam pointed out that the surge in property prices was not confined to the luxury end of the market, but also apparent in the HOS Secondary Market. There was a need for the Administration to introduce other measures, including the re-launch of HOS, to curb speculation. Mr Fred LI noted that the Administration had been reiterating its commitment to enhancing policies to meet public needs, as in the case of the change in preservation plans for Wing Lee Street and the specification of lower percentage from 90% to 80% in the compulsory sale for redevelopment. In view of the over-subscription for surplus HOS and SCHS flats as well as the support from developers and major banks, he questioned why the Administration was so adamant that HOS should not be re-launched.

9.8 STH said that the Government had to be prudent in implementing housing policies, particularly in the use of public funds to assist a certain category of people to achieve home ownership. Besides, based on past experience, the re-launch of HOS would not be effective in curbing rising property prices. She added that the Administration was tackling the problem of rising property prices at source by providing a steady supply of land, with a view to maintaining an equitable and stable environment for the free and efficient operation of the property market. To meet the increased public aspirations for small and medium-sized residential flats, the Administration would liaise with the Mass Transit Railway Corporation Limited and the Urban Renewal Authority to increase the supply of these types of flats. Other measures, including revitalization of the HOS Secondary Market and disposal of surplus HOS and SCHS flats in an orderly manner, would be taken to boost the supply of small residential flats.

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### Revitalization of the Home Ownership Scheme Secondary Market

9.9 Mr CHAN Kin-por noted with concern the speculative activities on secondary HOS flats after the Administration had indicated that measures would be taken to revitalize the HOS Secondary Market. He enquired if measures would be put in place to prevent speculative sales of secondary HOS flats. STH said that the Administration was committed to taking forward measures as set out in the Financial Secretary's Budget Speech to ensure the healthy and stable development of the property market. To facilitate the turnover of HOS flats, the Administration would review the objectives and position of the HOS Secondary Market Scheme, and to streamline the application procedures where necessary.

9.10 Mr Paul CHAN enquired if consideration would be given to waiving the payment of premium in the sale of HOS flats to white-form applicants to increase the turnover of secondary HOS flats. Mr TAM Yiu-chung said that he was recently approached by a group of private flats owners and former HOS owners who were concerned about the rumour that the Subsidized Housing Committee of the Hong Kong Housing Authority would consider the sale of secondary HOS flats to white-form applicants without payment of premium. He sought clarification on whether there was a change in the sale arrangements of secondary HOS flats.

9.11 STH explained that at present, owners who sold their HOS flats to green-form applicants (i.e. PRH tenants who would surrender their PRH flats upon purchase of HOS flats) would not be required to pay premium. However, owners who sold their HOS flats to white-form applicants (i.e. those who met the eligibility criteria for HOS) would have to pay premium. The premium was calculated based on the respective discount rates at which the HOS flats were first sold as applied to the market value when these flats were sold in the open market. As part of the plan to revitalize the HOS market, consideration was being given to allowing payment of premium by instalments before the sale of the flat, so as to provide greater flexibility for owners, rather than waiving of premium upon sale of HOS in the Secondary Market to white-form applicants, as the latter would represent a major change of existing policies. STH added that she had clarified with the Chairman of the Subsidized Housing Committee on his remarks to the media and he confirmed that he did not give indication to any change to the existing policies in this respect.

9.12 Noting that there were some 60 000 HOS flats of which premium had been paid, Mr CHAN Kin-por enquired about the actual number of HOS flats which would be available for sale in the open market, and whether these would be able to meet the market demand for small and medium-sized flats. STH said that

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the Administration did not have information on the number of HOS flats available for sale as it remained the owners' decision on whether the flats should be put up for sale. At present, there were about 250 000 HOS flats of which premium had not been paid. The sales turnover of HOS flats was about 2 000 per year in the Secondary Market and 6 000 per year in the open market which was much lower than that of the private sector. The Administration would actively explore possible means to revitalize the HOS Secondary Market. Further details of various feasible options would be discussed in May 2010.

### Re-launching of Tenants Purchase Scheme

9.13 Mr WONG Kwok-hing enquired if consideration could be given to re-launching Tenants Purchase Scheme (TPS) to enable PRH tenants to achieve home ownership, particularly elderly tenants so that they could live with their children. STH said that an enhanced housing arrangement had been put in place under which families with elderly persons might opt to live in one flat or two nearby flats. The sale of PRH flats to sitting tenants under TPS would indeed affect the turnover of PRH flats, thereby lengthening the average waiting time of WL applicants for PRH.

### Sandwich Class Housing Scheme

9.14 Given that HS would put all the 838 surplus SCHS flats for sale, Mr Ronny TONG enquired whether the plan to revitalize the HOS Secondary Market would apply to SCHS as well. He hoped that more could be done to revitalize the SCHS Secondary Market, as many owners were willing to pay premium in order to sell their SCHS flats. The sale of secondary SCHS flats would also increase the supply of small to medium-sized flats. STH said that discussions would be held with HS on the applicability of the proposals to SCHS owners to facilitate the turnover of flats.

## **Private property market**

### Supply of flats

9.15 Mr CHAN Kam-lam enquired about the latest development of the private residential market. He did not agree with STH that the property market as a whole remained reasonably healthy, given that the private residential market had recorded a 28% increase in the overall flat price from 2008 to 2009. Expressing a similar concern, Mr LEE Wing-tat said that developers were able to manipulate the property market and increase the prices of private residential flats because the current housing production was lower than that over the past 10 years and not able

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to meet the demand. As a result, there had been a lot of speculative activities in the property market recently. He enquired if the housing supply could be increased.

9.16 In response, STH said that the increase in flat prices resulted from the abundant liquidity in the global financial markets, the inflow of funds which had fueled the prices of luxury flats, a very low-interest rate environment and the keen competition in the mortgage market, the combination of which might have led to a potential risk of a property bubble. The Administration would endeavour to address the fundamental issue of flat supply to ensure a healthy and stable development of the property market, and there would be a steady supply of flats in the next few years. However, a target flat production could not be set as this would hinge on the supply and demand situation. According to the latest figures in February 2010, some 57 000 new flats would be available in the private residential market in the next three to four years, representing an increase of 4 000 units as compared to January 2010. In addition, there would be a further supply of around 7 200 first-hand private residential flats upon the conversion of various residential sites into "disposed sites" or the completion of tendering of various sites in the coming few months. For the potential residential land supply in the long run, it was expected that about 90 000 of these flats would be made available after 2013. The Government would continue to liaise with the Mass Transit Railway Corporation Limited and the Urban Renewal Authority to increase the supply of small and medium-sized flats. Plans were also underway for the infrastructure development of these residential land in Tuen Mun, Tseung Kwan O and Kai Tak. The Government was prepared to sell by open tender a site of about 1.2 hectares near the West Rail Long Ping Station in Yuen Long for private residential purpose, and would increase the supply of small and medium-sized flats by specifying in the land sale conditions the minimum number of flats and the minimum and maximum floor area to be built.

9.17 While welcoming the proposed residential developments at the West Rail Long Ping Station in Yuen Long, Mr Paul CHAN asked if more land would be earmarked for similar developments so that the public would know that there would be sufficient supply of small and medium-sized flats to meet demand. STH said that the Administration had been monitoring the supply of first-hand private residential flats. Of the 57 000 new flats to be made available over the next three or four years, about 33 000 would be small and medium-sized flats with a saleable area of less than 70 square metres. Part of the site near the West Rail Long Ping Station in Yuen Long originally earmarked for PRH would also be used for development of private residential flats after consultation with the district council. Members might wish to follow up with the Development Bureau on the supply of land for housing.

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### Regulation of the sales of uncompleted flats

9.18 Mr WONG Kwok-hing considered it necessary for the Administration to introduce practical measures to regulate the sale of uncompleted flats, particularly sales descriptions provided by developers, since the guidelines issued by the Real Estate Developers Association (REDA) were not effective in deterring the provision of false information. STH said that apart from REDA's guidelines, sales of uncompleted flats were also governed under the Lands Department's Consent Scheme which provided penalties for non-compliance. The sales of uncompleted flats had been further strengthened through standardization of the definition of "saleable area" and format of the price list. Developers were also required to show the prices calculated according to "saleable area" of individual flats, and to make public property transactions within five working days after signing of the Preliminary Agreements for Sale and Purchase so that prospective home buyers were better informed. Meanwhile, the Administration would explore further measures to regulate the sales of uncompleted flats, which included strengthening the regulation of show flats.

9.19 Referring to a recent report that only one of the 25 transactions of a luxury development in Conduit Road had been completed, Mr LEE Wing-tat expressed concern that the developer had been trying to push up the property prices by providing false information on property transactions. He questioned why the developer concerned was only required to explain the reasons for deferring transactions, while listed companies giving false information on shares were subject to investigation by the Securities and Futures Commission. He agreed that the Lands Department's Consent Scheme should be enhanced to require developers to provide the actual number of transactions rather than the number of Preliminary Agreements for Sale and Purchase under which transactions had yet to be completed. STH responded that properties and shares were different commodities and regulated under different systems. Notwithstanding, the Administration agreed to enhance transparency of property transactions. Since last year, developers had been required to make public property transactions within five working days after the signing of the Preliminary Agreements for Sale and Purchase.

### **Management of divested retail and car parking facilities**

9.20 Mr Vincent FANG noted that in 2009-2010, the Independent Checking Unit (ICU) of the Housing Department had processed 10 cases of unauthorized alterations to the divested properties by The Link Real Estate Investment Trust (The Link). Of these, four cases had been rectified while follow-up actions were still pending for the remaining six cases. He enquired about the progress of the

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remaining cases. The Assistant Director of Housing (ICU) said that the remaining six cases of unauthorized alterations involved retrofitting of exit doors and removal of unauthorized canopies, etc. ICU would follow up these cases in accordance with the requirements of the Buildings Ordinance (Cap.123) to ensure building safety.

9.21 Mr Vincent FANG expressed concern about profiteering by The Link in the leasing of car parking spaces to non-residents of estates. Mr Fred LI echoed that The Link had already taken a very long time to sort out the arrangements for leasing of car parks. The matter should be resolved as soon as possible with a view to recovering the waiver fees in good time. The Director of Lands said that The Link could only lease out car parking spaces to estate residents and their bona fide guests and visitors (“eligible users”) under the terms of the Government lease. As a matter of fact, The Link had leased some car parks to non-eligible users and had applied for retrospective waivers. The Link had provided information on the leasing of such car parks and was prepared to pay the waiver fees according to its proposed arrangement. The Lands Department was examining such information and would assess the waiver fee in accordance with the applicable procedures.

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10.1 At the invitation of the Chairman, Ms Eva CHENG, Secretary for Transport and Housing (STH), briefed members on the financial provisions and the priority areas under the transport portfolio in the 2010-2011 financial year (Appendix IV-9).

### **Public transport services**

#### Railway service

10.2 Highlighting the increase in the number of railway incidents after the rail merger, Mr WONG Kwok-hing considered it undesirable for two departments, i.e. the Electrical and Mechanical Services Department (EMSD) and the Transport Department (TD), to be responsible for monitoring railway services because it was not clear which department should handle railway incidents in the first instance. He considered that a review should be carried out on the monitoring arrangements. The Deputy Secretary for Transport and Housing (Transport) 2 (DS(T)2) said that the Government was concerned about railway incidents, and there was a clear demarcation of responsibilities between TD and EMSD, with the former responsible for the performance of railway service and other service-related operational aspects, and the latter responsible for overseeing railway safety. DS(T)2 said that when there were railway incidents, the two departments as well as the Transport and Housing Bureau (THB) would closely follow up with the Mass Transit Railway Corporation Limited (MTRCL) on incident handling, the causes of the incidents and improvement measures, so as to minimize disruptions to the public and prevent recurrence of similar incidents.

10.3 Mr WONG Kwok-hing further enquired about the role of the Hong Kong Railway Inspectorate under EMSD, and sought details of the professional manpower for ensuring the safety and quality of rail services and responding to railway incidents. STH and DS(T)2 agreed to provide the details requested by Mr WONG, and explained that EMSD had the engineering expertise essential for ensuring the proper standards of railway construction and operation. TD was responsible for ensuring that rail service demands were met and for making contingency transport arrangements when rail incidents occurred. THB was responsible for overseeing the overall policy on railway safety and regulation of rail services. MTRCL, which had the responsibility for providing reliable and safe rail service, would be held accountable whenever there were railway incidents. Mr WONG maintained the view that it was still unclear as to whether TD or EMSD was accountable for railway incidents, and he requested the Administration to review the arrangement.

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### Outlying island ferry services

10.4 Mr CHEUNG Hok-ming enquired about the progress in upgrading Central Piers 4, 5 and 6, which would be a major measure to help the operators of outlying island ferry services enhance their ability to generate non-fare box revenue to cross-subsidize ferry operation. DS(T)2 responded that the project involved the construction of 1.5 additional floors at the existing piers, and hence loading had to be considered. The Administration was in the course of inviting tenders for the design consultancy of the additional floors. When the design was ready, approval from the Town Planning Board would be sought.

10.5 Ms Miriam LAU asked whether the additional floors could be provided in time to attract bidders for the outlying island ferry services before commencement of the next operating period in 2011. STH responded that the Administration was well aware of the need for the early provision of the additional floors. However, it was necessary to conduct the consultancy study first and to comply with the relevant statutory procedures before commencement of the construction work.

10.6 Mr CHEUNG Hok-ming enquired about the planned use of the additional floors for the piers. DS(T)2 responded that it was estimated that some 2 000 square metres of additional floor area would be made available for a variety of commercial activities such as restaurants, fast food shops and retail shops. Mr CHEUNG asked the Administration to ensure that the design of the upgraded Central Piers 4, 5 and 6 could give them a competitive edge over the retail shops in the vicinity.

10.7 Ms Miriam LAU emphasized the operational difficulties faced by the current operators of outlying island ferry services, and asked when the current review on the outlying island ferry services would be completed for formulating measures to encourage operators to bid for the relevant licences and improve ferry services. STH responded that the Administration was well aware of the operational difficulties, and undertook to report the outcome of the review and relevant proposals to the Panel when available.

### Road transport services

10.8 Dr Priscilla LEUNG said that the Kowloon City District Council had requested the provision of a cross-border coach terminus in the site to be vacated by the existing Mong Kok Office of the Water Supplies Department in Sai Yee Street upon relocation. Regarding Dr LEUNG's enquiry on the manpower and resources required for studying the feasibility of the requested terminus, STH

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explained that THB would closely liaise with the Planning Department in determining the land use of the site.

10.9 Dr Priscilla LEUNG stressed that there was strong community support for the requested terminus and urged the Administration to pursue the suggestion proactively. STH advised that it was necessary to examine whether the terminus should be located in Mong Kok as the area was already seriously congested and might not be able to accommodate additional traffic flow. Moreover, as far as cross-border coach service was concerned, point-to-point service to the Mainland from different areas of Hong Kong might be preferred rather than providing the proposed terminus in Mong Kok. At Dr LEUNG's request, STH agreed to provide information on the study conducted by the Administration on the proposed terminus in Mong Kok.

10.10 Mr LEE Wing-tat pointed out that there was serious problem of triad infiltration in public light bus (PLB) operation and extortion of money from red minibus drivers in the name of "terminal fees" or "operating fee". He enquired whether TD or THB had set aside provisions for conducting study on the problem with a view to devising measures to improve the management of red minibus terminals. STH responded that although no such consultancy studies had been conducted before, the Administration would spare no effort in combating triad infiltration in PLB operation. The Commissioner for Transport (C for T) added that this was mainly an enforcement issue and TD would closely liaise with the Police in dealing with the situation. Where appropriate, TD would open new green minibus routes, which were better regulated, and encourage all operators, including existing red minibus operators, to bid for the new routes.

10.11 Ms LI Fung-ying enquired about the details of the 59 bus routes to be rationalized and the impact of the rationalization programme on the employment of the bus drivers concerned. C for T responded that while 59 bus routes would be rationalized, bus companies had also proposed to enhance the service of 70 bus routes. The Administration would consult the relevant District Councils (DCs) on the bus rationalization proposals.

### **Transport infrastructure and facilities**

#### Shatin to Central Link

10.12 Mr CHEUNG Hok-ming expressed concern about the lack of progress of the Shatin to Central Link (SCL), and enquired about the reasons for the delay in gazetting the project under the Railways Ordinance (Cap. 519). He

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also asked whether a phased approach for implementation of SCL could be adopted if there were unresolved problems. STH responded that the public consultation on SCL was still underway, particularly its alignment which had been revised to enable it to serve To Kwa Wan, and the proposed acquisition of Ma Chai Hang Playground as temporary works site for SCL. The Administration aimed to complete the public engagement exercise within 2010 to ensure gazettal of the SCL project in 2011.

10.13 Ms Starry LEE also urged the Administration to expedite implementation of SCL, and enquired about the progress in resolving the relevant controversial issues. While acknowledging the need to expedite the SCL project, STH said that thorough public consultation on relevant issues was necessary before gazettal of the project. One major issue of concern to the public was the planned development above the SCL depot at the former Tai Hom Village site and how the three graded heritage items there would be preserved. THB was actively liaising with the Planning Department in this regard. Another major issue to be solved was SCL's alignment which had met opposition from some members of the public. In response to Ms LEE, STH further said that the proposal of constructing the SCL depot at the former Tai Hom Village site at Diamond Hill by adopting a 'semi-sunken' design was highly complicated and required very detailed examination.

10.14 Ms Starry LEE urged the Administration to provide Wong Tai Sin District Council by April 2010 with the proposed options to address concerns about the proposed temporary acquisition of Ma Chai Hang Playground. The Director of Highways (D of Hy) responded that it was necessary to examine the implications of the possible options on the implementation schedule of SCL and the cost involved. The Chairman said that Sha Tin residents had called for early construction of SCL, and urged the Administration to expedite implementation of the project.

10.15 Ms Starry LEE asked when the construction of the cross harbour section of SCL would commence. STH responded that the Administration's plan was to resolve public concerns about SCL within 2010 so that the project could be ready for gazettal in 2011 to enable commencement of construction.

### Hong Kong section of the Guangzhou–Shenzhen–Hong Kong Express Rail Link

10.16 Referring to the lists of planning studies in 2009 and 2010, Mr Ronny TONG expressed concern that before construction works commenced, the Administration was already spending millions conducting various planning studies on the Hong Kong section of the Guangzhou–Shenzhen–Hong Kong Express Rail

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Link (XRL). D of Hy clarified that the \$18.5 million and the \$ 23.3 million planning studies included in the 2010 list were the continuation of the same studies in 2009. The two studies served different purposes, with one on the monitoring and verification of MTRCL's design and site investigation works, while the other one was an independent design review for the electrical and mechanical systems of the Hong Kong section of XRL to ensure proper interface and interoperability between the Hong Kong section and Mainland section. As regards another planning study on XRL to be conducted in 2010, the purpose was to carry out monitoring and verification on MTRCL's construction, testing and commissioning works. This study, expected to straddle five to six years, would cost about \$100 million.

10.17 Regarding the relocation of Choi Yuen Tsuen (CYT) in order to resume land for the construction of an emergency rescue station and stabling sidings required under the XRL project, Mr LEE Wing-tat enquired about the progress made, and the number of households affected. For cases where the amount of special ex-gratia allowance received by individual villagers covered only the land cost but not the reprovisioning of their domestic structures, Mr LEE enquired whether government loans could be granted to these villagers.

10.18 STH responded that the identification of relocation sites had been progressing well with the assistance of Heung Yee Kuk. The Administration had offered a special ex-gratia rehousing package to help CYT households meet their special rehousing needs. Under the package, qualified households affected by land clearance for the Hong Kong section of XRL could choose either an ex-gratia cash allowance (EGCA) of \$600,000, or an EGCA of \$500,000 and the opportunity to purchase a surplus Home Ownership Scheme flat without being subject to the Comprehensive Means Test. The Deputy Secretary for Transport and Housing (Transport)1 (DS(T)1) added that the Lands Department (LandsD) was conducting visits to households in CYT which had registered with LandsD to verify their eligibility. About 60 applications had been approved so far. Regarding applications for agricultural resite, some villagers had yet to provide the necessary details before the deadline.

10.19 Ms Starry LEE enquired about the progress of the Administration's liaison with Tai Kok Tsui residents to address their concerns about the impacts of the construction of XRL on their property's structural safety and redevelopment value. STH responded that the Administration had been making active efforts by maintaining close dialogue with the DCs and Owners' Corporations concerned. The Administration had also pledged to conduct inspections on the property concerned within one day upon receipt of complaint about the structural safety of the buildings affected, and remedial works, if required, would be commenced within seven days.

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### Kwun Tong Line Extension

10.20 Ms Starry LEE asked whether the construction of the Kwun Tong Line Extension could commence as scheduled. She further asked how the Administration would address the demand of local residents for the provision of better pedestrian connections between the Ho Man Tin Station and Homantin/Hung Hom areas and between the Whampoa Station and the housing estates in the vicinity. DS(T)1 responded that the proposed railway scheme was gazetted in end 2009. Following expiry of the objection period in January 2010, the Administration was now dealing with the objections received and would discuss with the objectors. The Administration would continue to liaise with the DCs concerned and the local community on issues such as station entrances and connections to adjacent estates.

### Central Kowloon Route

10.21 Ms Starry LEE enquired about the latest implementation timetable of the Central Kowloon Route (CKR). D of Hy responded that CKR's alignment had basically been finalized following a comprehensive public engagement exercise conducted in the past two years. The preliminary design was expected to be completed in 2010 for consultation with the DCs concerned. However, before construction works for the project could commence, the Administration would need to demolish three major government buildings, namely, Yau Ma Tei Specialist Clinic Extension, Kowloon Government Offices and Yau Ma Tei Multi-storey Carpark Building and construct the new replacement buildings. The construction of CKR might therefore take place around 2012 or 2013.

### Replacement of specialized vehicles

10.22 Mr Ronny TONG questioned why the provision of \$89 million was required for the replacement of 28 vehicles for Tsing Ma Control Area, Lion Rock Tunnel, Aberdeen Tunnel and Kai Tak Tunnel. C for T responded that these were specialized vehicles such as heavy and medium recovery vehicles, special tractors, and specialized vehicles used to inspect the structure of the Tsing Ma Bridge.

## **Air and sea communications and logistics development**

### Air transport

10.23 Mr IP Wai-ming highlighted the importance of Hong Kong's air freight industry, and expressed concern that the Hong Kong International Airport (HKIA) was estimated to be able to cope with air traffic demand up to the year

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2020 only, even after increasing the capacity of the existing two runways to 68 movements per hour by 2015. He asked when advance works for the third runway would commence. STH advised that the Airport Master Plan 2030 Study commissioned by the Airport Authority to review airport facilities would be completed in the second half of 2010. The public would then be consulted on the outcome of the study including the issue of building the third runway.

10.24 Mr IP Wai-ming asked about the implementation timetable for the construction of the third runway which might be controversial. STH responded that consultation on the third runway would take time given the project scale. In the meantime, with the implementation of a new air traffic control system and the provision of more air traffic controllers, the airport mid-field expansion project would increase the handling capacity of the airport to 70 million passengers and 6 million tonnes of cargo per annum.

10.25 Mr IP Wai-ming asked about the progress in liaising with the civil aviation authorities of the Mainland and Macao to improve the use of airspace in the Pearl River Delta region. STH responded that a tripartite working group had been established for the purpose. The Director-General of Civil Aviation (DG of CA) added that the working group had met 15 times in the past six years. A preliminary integrated plan based on the principles of joint airspace planning, use of common standards and harmonized flight procedure design had been formulated. According to the plan, improvement to existing air traffic operations would be introduced in three stages, with 2008 to 2010 being the first stage, 2010 to 2015 being the second stage and the third stage starting from 2015 onwards. As a result of the improvement measures introduced in the first stage, the maximum hourly capacity of HKIA's existing two runways had already been increased from the original 53 movements per hour to the current 59. It was estimated that the movements per hour could be further increased to 61 by March 2011, and progressively to 68 by 2015.

10.26 Ms Miriam LAU enquired whether the maximum hourly capacity of HKIA could eventually reach its design capacity of 80 to 85 movements per hour, despite the present constraints of HKIA's operating environment. If that was the case, she asked whether the construction of the third runway was still necessary. DG of CA responded that when HKIA was designed, it was not anticipated that the airports in Macao and Shenzhen were so close to HKIA and so busy in flight movements. However, if the present methodology on airspace management in the Pearl River Delta region could be progressively improved, and with the implementation of latest satellite technologies on aircraft and air navigation, the construction of the third runway might help increase HKIA's hourly movements up to 100.

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10.27 Mr IP Wai-ming asked whether there would still be a shortfall in the provision of licensed personnel to meet the demand for aircraft maintenance service after the issuance of 238 aircraft maintenance licences estimated in 2010. DG of CA advised that the number of Hong Kong-registered aircrafts requiring maintenance in the coming year was expected to be around 240. The maintenance companies concerned would directly recruit staff to meet the above service demand. He agreed to provide the details after the meeting.

10.28 Mr IP Wai-ming said that he understood that there was a shortage of aircraft maintenance engineers and technicians, and labour import might be required. He considered that efforts should be made to step up training and attract entry of young people to the field in cooperation with relevant parties. DG of CA responded that aircraft maintenance engineers normally had a degree. They had received relevant approved training and were licensed. As for technicians, they could receive training from both the Hong Kong Institute of Vocational Education and the Hong Kong Aircraft Engineering Company Limited. Since the supply from these sources might not be sufficient to meet the demand, qualified labour would need to be imported from time to time. DG of CA agreed to relay Mr IP's concerns about the manpower supply to the relevant parties for consideration.

### Maritime transport

10.29 Ms LI Fung-ying pointed out that the docks and maritime professionals were important to the development of Hong Kong's maritime industry. However, according to the Hong Kong Seamen's Union and other relevant unions, docks were often forced to relocate or subject to various land use restrictions, and the Administration had not assisted in the training of maritime personnel. She called for improvements to be made in this regard.

10.30 To enhance manpower supply for maritime industry, STH advised that financial incentives were offered to interested persons for acquiring the professional qualifications in the maritime field. Maritime-related post-graduate programmes were also organized in conjunction with tertiary institutions with scholarships offered. Separately, STH advised that Government had identified 29 hectares of land in the Kwai Tsing area that could be deployed for logistics development and they would be released by phases in light of market development and after studying the traffic impact, etc. The Deputy Secretary for Transport and Housing (Transport) 5 supplemented that a monthly allowance of \$5,000 was being offered to participants of the Sea-going Training Incentive Scheme during their sea training period. If they succeeded in passing the Certificate of Competency Class 3 examination, the relevant examination fees

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would be reimbursed to them. With funding support from the Administration, the University of Hong Kong was cooperating with Dalian Maritime University to train up maritime legal personnel. Apart from sponsorships for training programmes, internships would also be offered by shipping companies to provide on-the-job training.

10.31 Ms Miriam LAU highlighted the importance of the dredging works for Kwai Tsing Container terminal basin to meet the draught requirement of new generation container vessels. She enquired about the progress and completion date of the works. The Deputy Secretary for Transport and Housing (Transport) 5 responded that the project involved dredging of the sea-bed of the Kwai Tsing container basin and its approach channel to a level of at least 17 metres below Chart Datum to allow for unrestricted access of ultra-large container ships. The Administration was taking forward the relevant feasibility study and investigation works. It was expected that the whole project would be completed in 2013.

### Logistics service

10.32 Mr Tommy CHEUNG enquired whether the Administration would consider measures to develop Hong Kong into a regional wine distribution hub when developing the Lantau Logistics Park. STH responded that the Administration was focusing on the development of a logistics cluster in the Kwai Tsing area. In so doing, terms conducive to attracting professional third party logistics service providers and international brands to use Hong Kong as their regional distribution centres would be incorporated in the land leases as appropriate. This would facilitate the migration of the logistics sector to the provision of high value-added services and the handling of high value goods such as wine. Mr CHEUNG suggested that a study on Hong Kong's potential to be developed as a regional wine distribution hub should be conducted, and active efforts should be made to collaborate with relevant potential operators. STH agreed to relay Mr CHEUNG's proposals to the Commerce and Economic Development Bureau for consideration.

### **Road safety and transport management**

10.33 Mr WONG Kwok-hing welcomed the Administration's decision to require all PLBs to be installed with speed limiters. He was also glad to note that the Administration would study how the existing legislation could be enhanced to better facilitate enforcement action and evidence collection by the Police to combat drug driving. Noting that the above process might take time and drug driving cases were increasing, Mr WONG enquired about the interim measures that would be taken to combat drug driving. STH responded that the

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existing legislation did not empower the Police to require a suspected driver to provide body fluid specimens for the purpose of drug testing. The Administration was making reference to overseas experience on drug driving, and planned to draw up preliminary proposals for public consultation around mid-2010. Meanwhile, the Administration would continue to remind drivers through publicity and education that they must not take lightly the influence of drugs on driving.

10.34 Highlighting the importance of professional drivers' health to road safety, Mr Andrew CHENG considered that TD should organize activities to promote health awareness among professional drivers. He questioned why there was no plan to require all professional drivers to undergo regular medical examination as a licencing condition. In response, STH explained that not all holders of commercial vehicle driving licences were professional drivers, e.g. there were some 200 000 taxi licences but only 18 000 taxis. As such, it might not be appropriate to require all commercial vehicle driving licence holders to submit medical reports to TD whenever they renewed their licences.

10.35 Mr Andrew CHENG enquired whether the Administration was planning to increase the tolls of heavy vehicles for the Cross-Harbour Tunnel as reported by the media, instead of pursuing alternative options such as the buy-back option and the common ownership option, in order to improve traffic distribution among the three road harbour crossings. STH responded that the relevant consultancy study had yet to be completed. The primary consideration was to rationalize the traffic distribution while offering motorists a choice. She assured members that the public would be thoroughly consulted on all feasible options.

10.36 Ms Miriam LAU opined that the consultancy study on improvement in traffic distribution among the three road harbour crossings should also cover study on the feasibility of the alternative options previously proposed by Legislative Council Members, rather than just proposing to increase the tolls of the Cross-Harbour Tunnel. The Administration noted the comment.



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### **Efficiency Unit**

#### 1823 Call Centre

11.1 Mr WONG Kwok-hing noted that the 562 complaints received by the 1823 Call Centre in 2009 was two times the number (i.e. 243) received in 2007. He enquired about the reasons and the measures to enhance the efficiency and quality of service of the Call Centre.

11.2 Head, Efficiency Unit (Head, EU) said that the number of complaints received had increased but was still at a low level (i.e. 0.018% in 2009). The first time resolution rate had gone up significantly from 90% in 2007 to 97% in 2009. Most complaints were about service availability where the callers could not get through by phone to the Call Centre. This was mainly due to a considerable number of calls wanting to get through within a short period during certain times of the day. Another area of complaints was related to the Call Centre's Interactive Voice Response System where callers were not satisfied with interacting with the system. As for improvement measures, Head, EU advised that the Efficiency Unit would continue to improve the Interactive Voice Response System, seek ways to enhance the efficiency in getting calls, and train the staff to enhance their effectiveness and courtesy in handling calls. On manpower deployment, the Efficiency Unit would try to strike a balance between the number of staff employed and the efficiency in handling calls. Temporary staff would be employed to cope with seasonal fluctuation in the number of calls. The Efficiency Unit would also try to distribute the service time evenly over the calls received without sacrificing the quality of answers given to callers.

#### Outsourcing

11.3 Mr WONG Kwok-hing enquired whether in 2010-2011, the Administration would continue to follow the practice adopted in 2009-2010 of not launching any new outsourcing project. Head, EU advised that it was the role of the Efficiency Unit to advise government departments on opportunities where outsourcing could help improve the value of the public services they provided, to examine the terms of employment and quality of contracts to ensure that the outsourcing arrangement worked well, to help departments identify the benefits to be achieved through outsourcing, and to provide guides on the subject to assist the departments in making outsourcing arrangements. Through regular reviews of existing outsourcing arrangements and previous advice given to government departments, the Efficiency Unit would accumulate experience and constantly enhance its advice given to government departments.

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### Youth Portal and user-centred design

11.4 Mr WONG Ting-kwong enquired about the usage of the Youth Portal delivered and maintained by the Efficiency Unit, and whether the Unit had gauged users' opinions about the Youth Portal. Head, EU said that the purpose of the Youth Portal was to work closely with young people on the design and contents in order to provide public information that was of interest and value to young people. Since its creation in 2007, the Portal's design and contents had been reviewed and updated regularly based on comments collected from user groups. A revamp of the homepage of the Youth Portal would be released shortly to tie in with the launching of the revamped GovHK Portal.

11.5 Referring to the Efficiency Unit's work in assisting client departments in identifying and conducting "user-centred design" projects, Mr WONG Ting-kwong asked whether the relevant user groups would be engaged in the project development process. Head, EU confirmed that the relevant user groups of the public would be consulted in the process. For example, in a project involving both the employment and training services in Tin Shui Wai provided by the Labour Department, the Social Welfare Department and the Employees Retraining Board, different user groups and departments running the services had been consulted on what improvement they would like to see. Similar public consultation with different user groups was conducted on the services of the Post Office and how they wanted the services to be improved.

### **Audit Commission and Office of the Ombudsman**

#### Adequacy of provisions

11.6 Mr LEE Wing-tat said that he had received some suggestions from the public of increasing the provisions for the Office of the Ombudsman and the Audit Commission. He asked whether the two organizations had to limit the scope and depth of their investigations or restrict the number of cases for investigation because of resource constraints.

11.7 The Director of Audit (D of A) advised that the auditing jobs of the Audit Commission were conducted according to a five-year strategic plan and a programme of work determined annually. The Audit Commission undertook two types of audits, namely financial audits and value-for-money audits. Financial audits were conducted to meet the relevant statutory requirements and covered more than 80 funds including the Hong Kong Exchange Fund and various public funds. For value-for-money audits, the Audit Commission submitted about 19 reports to the Public Accounts Committee of the Legislative Council annually.

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In selecting the subjects for value-for-money audits, the Audit Commission would take into account a number of factors including materiality, timeliness, value added by conducting the audit, auditability and the risk of losing more public money if no such audit was conducted. D of A said that the Audit Commission had sufficient resources for conducting the planned auditing jobs, and would ask for more provision if necessary.

11.8 Regarding the handling of complaints by the Office of the Ombudsman, The Ombudsman advised that the number of complaints received by the Office of the Ombudsman fluctuated with the changes in public sentiments and focus of concerns and was beyond their control. While the number of enquiries or complaints had been on the increase, the caseload was still rather stable. The lack of resources was not an excuse for not processing complaints received. Where necessary, the Office would employ part-time staff to cope with occasional upsurge in caseload. Since four more public organizations would be added to The Ombudsman's purview in 2010-2011, his Office would closely monitor the resource and caseload situation, and would ask for more provision if necessary.

### Hong Kong Trade Development Council

11.9 The Chairman said that some members had expressed concern that while the Hong Kong Trade Development Council (HKTDC) received recurrent government subvention, it was not subject to the audit of the Audit Commission. She enquired under what circumstances the Audit Commission would conduct an audit on HKTDC. D of A advised that the Audit Commission could conduct an audit on an organization if such an audit was authorized by the Chief Executive, specified by statute, or more than half of the organization's income came from government subvention. For organizations receiving government subvention but not subject to the Audit Commission's audit, the Audit Commission could conduct an audit on them if the relevant policy bureau had made it a condition of the government subvention that the organization should be subject to the audit of the Audit Commission or the organization on its own initiative requested the Audit Commission to conduct an audit on it.

11.10 Mr James TO asked whether the Audit Commission could reject on grounds of resource constraints, or impose conditions for accepting a request for conducting an audit on an organization. D of A advised that the Audit Commission must undertake the auditing jobs required by statute or authorized by the Chief Executive. The Commission would prioritize its auditing jobs based on laid down criteria.

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11.11 Mr James TO opined that the Administration should actively consider subjecting HKTDC to the audit of the Audit Commission and HKTDC should accept such arrangement. Otherwise, he considered that the Legislative Council should consider removing the provision of government subvention to HKTDC for 2010-2011 and/or future years. The Chairman remarked that the Panel on Commerce and Industry had scheduled to discuss a relevant item at its meeting on 20 April 2010, and the Second Reading debate on the 2010 Appropriation Bill would resume on 14 and 15 April 2010. She requested the Legislative Council Secretariat and the Administration to provide relevant information on the issues raised, to facilitate Members to consider the funding provision to HKTDC in 2010-2011 and future years.

### **Independent Commission Against Corruption**

#### Inspections on expenditure under Subhead 103

11.12 In reply to Mr James TO's enquiry, the Commissioner, ICAC (C, ICAC) advised that the Audit Commission conducted inspections on the expenses under Subhead 103 "Rewards and Special Services" of Head 72 "Independent Commission Against Corruption (ICAC)" (the Subhead) on an annual basis. C, ICAC, Head of Operations and Assistant Director/Administration also conducted surprise inspections on those expenses. On the financial audits conducted by the Audit Commission, D of A advised that the Audit Commission examined the records to see whether the internal control mechanism over expenditure in this Subhead had been in order. The Audit Commission also checked whether the expenses had been approved in a proper manner and actually incurred for the purpose approved by the authority.

11.13 In reply to Mr James TO's further enquiry, D of A advised that the Audit Commission had not conducted any value-for-money audits on the expenses under the Subhead in the past 15 years, but had conducted financial audits on the expenses. Mr TO said that the Audit Commission had been conferred the power by statute to audit the expenses under the Subhead. Since there was no other internal control mechanism in the Government and the Legislature, Mr TO opined that the Audit Commission should conduct value-for-money audits on this Subhead though infrequently. D of A explained that to ensure proper use of its resources, the Audit Commission followed a set of criteria in determining the priorities for conducting value-for-money audits. The Audit Commission would consider Mr TO's suggestion but he could not make any commitment at this stage. Mr TO said that he might consider proposing to cut the provision for the Audit Commission if it did not conduct a value-for-money audit on the Subhead after about five years.

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### Staffing situation

11.14 Mr James TO noted that the number of Assistant Commission Against Corruption Officers in ICAC had reduced from 338 in 2007 to 300 in 2008, while the number of senior officers had increased. For example, the number of Commission Against Corruption Officers (Upper) increased from 94 to 104 and the number of Senior Commission Against Corruption Officers increased from 34 to 37 from 2007 to 2008. He queried whether ICAC had been increasing the number of senior officers while reducing the number of junior officers. C, ICAC explained that the figures mentioned by Mr TO were the actual number of officers in post, i.e. the staff strength figures, but not the number of posts or the establishment figures. He undertook to provide the establishment figures of the various ranks from 2007 to 2009 after the meeting.

11.15 Mr James TO and the Chairman enquired whether ICAC had problems in retaining adequate experienced officers. C, ICAC advised that in recent years, quite a number of posts were unfilled for some time. While there was no problem in recruiting new staff, quite a number of them resigned after completion of one or two employment contracts, mainly to take up other job offers with higher remuneration. He anticipated that staff wastage at junior ranks might continue for some time but the situation would gradually improve. Staff wastage at senior ranks was mainly due to the retirement of the first generation of ICAC officers. This process had started a few years ago and continued till now. To address the issue, ICAC had a series of staff succession plans augmented by relevant staff development initiatives.

11.16 In response to Mr James TO's enquiry about measures to address the high wastage problem at junior ranks, C, ICAC advised that the Commission had recruited a number of candidates who were strong in frontline operation but possessed relatively low educational qualifications. These officers were less prone to leave the Commission prematurely and they would provide continuity in the support ranks. Mr TO suggested that ICAC should consider making some adjustments in its staff recruitment and management policies in order to improve staff retention. He remarked that staff members would have lower incentive to resign if they had developed interest and satisfaction in the work of ICAC. C, ICAC noted Mr TO's suggestions and undertook to explore further ways and means to put them to practice.

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### **Administration Wing**

#### Honoraria for members of committees

11.17 Dr Margaret NG noted from the Administration's written reply No. CSO028 that the provision for "Honoraria for members of committees" under Head 142 "Offices of the Chief Secretary for Administration and the Financial Secretary" had increased from \$0.94 million in 1999-2000 to \$2.23 million in 2010-2011, mainly due to the appointment of a retired judge and some practicing barristers as the chairman and deputy chairmen of the Administrative Appeals Board since 2001 and 2005 respectively to deal with the increasing workload of the Board. However, she did not consider that the Administration had explained the increase from \$1.84 million in 2008-2009 to \$2.23 million in 2010-2011, and the reasons for fluctuations in actual expenditure over the years.

11.18 The Director of Administration (D of Adm) elaborated that the positions of the chairman and the deputy chairmen of the Administrative Appeals Board were originally filled by serving judges who did not receive honoraria. These positions were later filled by a retired judge and some practicing barristers and honoraria were payable to them. The increase in the amount of honoraria paid was also attributable to the increase in the number of deputy chairmen. Besides, the provision for "Honoraria for members of committees" also covered the honoraria granted to members of the committees under the Central Policy Unit. Dr Margaret NG then remarked that the Administration still failed to explain the need to increase the provision by some \$400,000 in 2010-2011. At her request, D of Adm agreed to provide supplementary information on the types and number of persons receiving the honoraria and details of other factors contributing to the change in the amount of honoraria paid in each year.

#### Business Impact Assessment Studies

11.19 Mr WONG Ting-kwong noted that the Economic Analysis and Business Facilitation Unit had offered assistance to the bureaux or departments concerned in conducting six Business Impact Assessment Studies, with a view to refining the relevant regulatory proposals and making such proposals as business-friendly as possible. He enquired about the contents of these studies. The Government Economist advised that the studies were relevant to the Food Safety Bill, the Voluntary Water Efficiency Labelling Scheme, the Mandatory Producer Responsibility Scheme for waste electrical and electronic equipment, and the mandatory implementation of the Building Energy Codes. She undertook to provide the details of the six studies after the meeting.

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### **Chief Executive's Office**

#### Management of Government House

11.20 The Chairman noted the Administration had completed its investigation into the incident of a Government House employee taking relatives and friends into Government House for touring and barbecuing. She enquired about the investigation results and the measures taken to prevent the recurrence of similar incidents. The Permanent Secretary, Chief Executive's Office (PS, CEO) advised that the Director of Chief Executive's Office had conducted a serious and thorough investigation into the incident according to established procedures. The purpose of the investigation was to find out whether the staff concerned had breached the relevant regulations and whether there was room for improving the security of the Government House. The Chief Executive's Office had also sought advice from the Civil Service Bureau to ensure that the investigation was conducted in a fair manner. Following the investigation, the Chief Executive's Office had resolved the contract with the staff concerned. The Office had also thoroughly reviewed and enhanced the security rules of the Government House and reminded colleagues to adhere strictly to them.

11.21 The Chairman said that the public was alarmed by the incident when it was reported by the press. She expressed concern that the incident involved not only the security issue but the management of Government House. Dr Margaret NG opined that the incident exposed that there were internal discipline problems in Government House. She expressed concern whether staff of Government House had been made aware of the difference between government property and private property and also the importance of adhering to the rules of Government House. The Permanent Secretary, Chief Executive's Officer advised that the places within Government House to which visitors of departmental quarters' residents were not allowed access were clearly specified in the security rules. The Chief Executive's Office took a serious view of the matter and had strengthened the security rules and provided the staff of Government House with clear instructions. The Office had also enhanced the mechanism for monitoring staff adherence to the rules.

## **Chapter XII : Food Safety and Environmental Hygiene**

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12.1 At the invitation of the Chairman, Dr York CHOW, Secretary for Food and Health (SFH) briefed members on the estimated expenditure under the policy portfolio of "Food Safety and Environmental Hygiene" for 2010-2011. (Appendix IV-10).

### **Food safety**

#### Central poultry slaughtering

12.2 Referring to SFH's speech that the Administration was examining whether it was still necessary to develop a Poultry Slaughtering Centre (PSC) given the risks of avian influenza outbreaks had been significantly reduced, Mr WONG Kwok-hing said that it would be a waste of resources to commission a consultant to re-assess market interest in running a PSC which was no longer necessary. Mr TAM Yiu-chung said that he and some other Members had all along considered it impractical and not cost-effective to develop the PSC, given the small demand for live poultry to be slaughtered at the proposed PSC and that Government might need to subsidize its operational cost. Mr Tommy CHEUNG also urged the Administration to give due consideration to the impact of the proposed PSC on wet markets and on the wholesale and retail trades of live chickens.

12.3 SFH stressed that segregation of live poultry from humans was an effective way to control avian influenza. In the wake of the outbreaks of avian influenza among chickens at the retail level and in a local farm in 2008, the Government had implemented a series of measures to control avian influenza. The daily supply of live chickens had been substantially reduced from 60 000 in 2005 to around 14 000 recently. The development of a PSC was proposed a few years before the outbreaks in 2008, and the market research conducted at that time, on the basis of a daily supply of 60 000 live chickens, revealed that more than one operator might have interest in managing the PSC. SFH advised that in 2009, the proportion of live chickens, chilled chickens and frozen chickens supplied in Hong Kong were on average about 5%, 30% and 65% respectively. Given the recent changes, a consultancy study was already underway to re-assess the need for the PSC. Besides assessing the interest of prospective operators, the Administration was also studying the cost-effectiveness in running the PSC, the public demand for live chickens and freshly slaughtered chickens, and the acceptable pricing. If the studies showed that a PSC was commercially not viable, the Government would pursue other alternatives. In reply to Mr TAM Yiu-chung's further enquiry, SFH said that little costs would be involved if the Government decided not to proceed with the PSC development. The Administration would report the outcome of the study



## **Chapter XII : Food Safety and Environmental Hygiene**

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to the Panel on Food Safety and Environmental Hygiene in the second quarter of 2010.

12.4 Mr WONG Yung-kan considered the current daily supply of 14 000 live chickens insufficient to meet local demand. He urged the Administration to consider allowing local chicken farms to keep and supply more live chickens for retail purpose, since avian influenza was now under control. He also asked about the control measures taken to prevent chilled chickens being sold as freshly slaughtered live chickens. Mr Tommy CHEUNG commented that the consumption of live chickens was suppressed because of the reduced supply. He observed that all live chickens in retail stalls were usually sold out before noon, and he believed that allowing more supply of live chickens for retail purpose would not lead to stocking at both the wholesale and retail levels. He therefore urged the Administration to consider increasing the supply of live chickens in order to bring down their retail prices.

12.5 SFH remarked that although the risks of avian influenza outbreak had been reduced, the Government should remain vigilant and maintain the policy of segregating live poultry from humans. He considered it appropriate to maintain the current daily supply of 7 000 live chickens each from local chicken farms and from import, and this had met the demand for live chickens at the retail outlets. If local chicken farms were to supply more live chickens, the extra live chickens, if not sold, would be stocked overnight at the wholesale market which could lead to higher risks of avian influenza. The Administration was now conducting a study to review the risk of avian influenza after banning overnight stocking of live poultry at retail outlets. On the control of imported chilled chickens, SFH advised that the Food and Environmental Hygiene Department (FEHD) and relevant Mainland authority worked together to monitor the operation of chilled chicken processing plants in the Mainland. Random checking of vehicles transporting chilled chickens was carried out at the boundary control points. He called on members of the public to report to FEHD if they found chilled chickens were sold as freshly slaughtered live chickens.

12.6 Mr Vincent FANG criticized that the Administration's policy in the supply of live chickens had undermined consumers' choice over the consumption of chickens and they were "forced" to buy expensive live chickens especially during festivals. He shared the view that the PSC was infeasible. Mr WONG Yung-kan commented that the public in general preferred live chickens to chilled chickens. SFH advised that there were four outbreaks of avian influenza in the past ten years and the Government should stay vigilant on the prevention and control of the influenza. As such, the Administration would continue to implement relevant policy measures to protect public health. He

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assured members that the Administration would ensure a sufficient supply of live chickens especially during traditional Chinese festivals.

### Food inspection

12.7 Mr TAM Yiu-chung noted that about \$6.8 million was earmarked in 2010-2011 for conducting inspection of registered Mainland farms exporting live food animals to Hong Kong. He enquired whether the Government would rely on the information provided by the Mainland in conducting inspections. SFH said that the Government had agreed with the Mainland authority to conduct regular audit inspections on the registered Mainland farms concerned. In case of food incidents, the Administration would arrange inspection of the Mainland farm in question in the shortest possible time. The Director of Food and Environmental Hygiene (DFEH) added that the \$6.8 million provision would cover farm inspection conducted for Mainland as well as overseas registered farms, fish grounds and processing plants supplying live and chilled food animals to Hong Kong. In 2009, the Administration had conducted audit inspections for more than 100 such establishments, including those which exported larger quantities of food to Hong Kong. This control measure had been in practice for the past five years and was found to be effective in ensuring food safety. In reply to the Chairman's enquiry, DFEH explained that as the same inspection team, comprising veterinary officers, agricultural and professional officers, would conduct inspections to the farms in the Mainland and overseas, it was difficult to provide a breakdown in the provision for farms in respective areas.

### Food testing

12.8 Mr Tommy CHEUNG noted that there were now 14 local private laboratories which had been accredited for conducting various types of food tests. With the implementation of the Nutrition Labelling Scheme and the forthcoming Food Safety Bill, he was concerned whether the capacity of these accredited laboratories could meet the increasing demand and provide quality nutrient testing services. Mr CHEUNG also asked whether there were resources to assist the small and medium food establishments to undertake food testing. The Controller, Centre for Food Safety (C, CFS) said that before the implementation of the Nutrition Labelling Scheme, the Centre for Food Safety (CFS) had been liaising with the local private laboratories to ascertain whether they would be capable of providing nutrient testing services given the anticipated rising demand for nutrient testing. Upon enactment of the relevant regulation on the Nutrition Labelling Scheme, CFS had organized with the Government Laboratory workshops and experience sharing sessions on the nutrient labelling test methods for interested laboratories. The Government Laboratory would continue to help local

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laboratories enhance their capability by conducting technical seminars. Based on the feedback from the laboratories, their current capacity should be able to meet the demand for nutrient testing and other food testing for ensuring food safety, and there was a reduction in testing fees with the increased demand.

12.9 Responding to Mr Tommy CHEUNG's enquiry about the work of the Outsourcing Management Section under the Government Laboratory, the Government Chemist advised that the Outsourcing Management Section undertook quality assurance measures including on-site audits, introduction of blind samples/split samples and control checks on the quality of the test results to monitor the performance of the contract laboratories.

### Pesticide residues in food

12.10 Noting that FEHD had conducted a consultation exercise on the proposed regulatory framework for pesticide residues in food in 2007-2008, including setting up statutory residue limits of some 400 pesticides, Dr Joseph LEE enquired about details of the 400 pesticides, the work plan for drawing up the relevant legislation, and the interim measures to strengthen control over pesticide residues in food. C, CFS responded that the Administration had been conducting technical research and exchanging views with experts from the European Union and the Codex Alimentarius Commission, etc. on setting up some 7 000 maximum residue levels of pesticide residues for different kinds of food involving about 400 pesticides. The timetable for the next stages of work would be drawn up after the proposed regulatory framework had been refined. On interim measures, C, CFS said that CFS released the "Food Safety Report" every month, which contained information on the number and types of food samples taken for chemical tests to detect pesticides and the test results, so that the public would have the latest food safety information.

### Organic produce

12.11 Referring to a recent case that a retailer was fined for supplying vegetables with false trade descriptions as certified organic produce, Mr Fred LI urged the Administration to consider introducing legislation to regulate the supply of organic produce so that relevant labels would only apply to sale of organic produce of the licensed organic farms. SFH advised that there was no difference in terms of food safety between organic and conventional foods. That said, education should be given to help consumers make informed choice of organic produce. He said that in 2002, with financial assistance from the Vegetable Marketing Organization and technical support from the Hong Kong Baptist University, the Hong Kong Organic Resource Centre was set up to provide

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independent certification service for organic produce and promote its organic logos and educate consumers about other international and national certification logos. The Administration would keep track of the international trend in the regulation of organic produce.

12.12 Mr Fred LI asked what specific measures had been taken by the Administration to assist the organic industry. The Director of Agriculture, Fisheries and Conservation remarked that over the years, the Government had worked closely with various organizations to provide organic farming support services, including introduction of organic farming technique, marketing and promotion of organic vegetables and certification service. Under the "Organic Farming Conversion Scheme", the Agriculture, Fisheries and Conservation Department (AFCD) and the Federation of Vegetable Marketing Co-operative Society Limited had set up a model farm in Tai Po on organic farming.

### **Environmental hygiene**

#### Hawkers and markets

12.13 Noting that the Government had proposed to waive business registration fees for one year, Mr WONG Kwok-hing urged the Administration to consider also waiving hawker licence fees for one year, and continuing the rental freeze for public market stalls for another year after its expiry on 30 June 2010. SFH responded that hawker licence fees, which were originally set according to the "user-pays" principle, had been frozen since 1998 and the freeze would continue until 31 March 2010. As regards public market stall rentals and charges, SFH said that the Government's overall policy on public markets was to charge tenants the open market rental. The rental of public market stalls had been reduced across-the-board by 30% in 1998 and frozen at that level since then. The Administration would take into account the trend of the local economy and the operating environment of the tenants in determining whether to extend such rental freeze before its expiry at the end of June 2010.

12.14 Mr Vincent FANG noted that 218 vacant on-street fixed hawker pitches were now available for application by eligible registered assistants of licensed hawkers and members of the public, while the remaining 240 vacant pitches were rejected or pending further discussion by the District Councils (DCs) concerned. Mr FANG opined that as the vacant pitches were existing premises, the DCs should have no objection to their re-allocation. He urged the Administration to expedite the approval process with a view to creating more jobs. DFEH responded that under the consultative framework at the district level, DCs were to advise the Government on district matters having regard to the local

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situation and residents' aspirations. At the request of the Chairman, DFEH agreed to provide information on the reasons of objection given by the DCs.

### Provision of columbarium facilities

12.15 Mr CHAN Kin-por noted that over the past few years, a number of public columbarium projects involving over 240 000 niches had been shelved as a result of local objection, and the Food and Health Bureau had set up an inter-departmental working group to examine measures to increase the supply of public columbarium facilities. As some private columbaria had received warning that their operation had breached land lease conditions, Mr CHAN enquired whether the inter-departmental working group would study ways to assist the development of private columbarium facilities. He also asked whether the operation of columbarium facilities at some temples had complied with the statutory requirements and lease conditions.

12.16 SFH advised that currently, niches provided by the Government accounted for about 10% of the market share while the rest were provided by non-governmental bodies such as religious bodies, charitable organizations and private operators. He said that the Government would adopt all feasible measures to increase the supply of public columbarium niches, including actively identifying suitable locations for such development in different areas in Hong Kong, and wholesale conversion of industrial buildings into multi-storey columbarium blocks. SFH also advised that before the purchase of private niches, the public should ask the sellers of niches to provide them with full and complete information to ensure that the niches were in compliance with the relevant legislation and land lease requirements. As regards illegal operation of private columbaria, SFH said that the government departments concerned would handle the complaints in accordance with relevant legislation. SFH highlighted that an inter-departmental working group had been set up to formulate policies on the supply of public columbarium facilities, and it would conclude its work by the second quarter of 2010. He said that the working group was considering the development of columbarium facilities in those industrial buildings near existing cemeteries or far away from the city centre. In reply to Ms Cyd HO's enquiry, SFH advised that the government departments and agencies concerned, such as the Town Planning Board, would follow the established procedures in processing applications for changes in the land use of industrial buildings.

12.17 Ms Cyd HO highlighted the serious problems of illegal operation of private columbarium facilities in private multi-storey buildings, which had posed fire safety threats due to ancestor worship activities during the Ching Ming and Chung Yeung Festivals. She strongly considered that each of the 18 DCs should

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be responsible for developing a certain number of niches as it was a facility serving the needs of Hong Kong residents in all districts. SFH advised that a number of public columbarium projects had been shelved as a result of strong local objection. He agreed that all 18 DCs had a responsibility to provide columbarium facilities. When the Administration had identified potential sites for columbarium development, it would seek the support of the relevant DCs and local residents, as well as the Legislative Council and different political parties and groups. In reply to the Chairman, SFH stressed that the Administration would consider drawing up betterment measures for the districts concerned in respect of individual columbarium proposals.

12.18 Noting that the Administration had reserved about \$2.7 million for providing ferry service for scattering cremated human ashes at sea, Mr KAM Nai-wai enquired about the number of cases to be served and how far it could address the persistent shortage of niches for cremated ashes. DFEH clarified that the provision of \$2.7 million would also cover expenses related to the launching of an internet memorial service for public use and publication of publicity materials. The provision of ferry service for scattering cremated human ashes at sea in 2010-2011 would cost about \$180,000 which should be able to cater for about 500 cases. The service had received very good response and 140 applications had been received in the past two months. Notwithstanding this, the 500 cases only represented 2% of the total number of cremations in 2009 (i.e. around 36 000). The free ferry service for sea burial was therefore not launched to replace provision of columbarium facilities. Responding to Mr KAM's request for enhancing the service, SFH and DFEH assured members that the Administration would monitor the service demand, and arrange for additional ferry service if necessary. It was Government's target that the waiting time for scattering cremated human ashes at sea would not be longer than eight weeks.

12.19 Mr WONG Yung-kan requested that the scattering of cremated human ashes at sea should take place far away from fishing farms. DFEH stressed that the human ashes had been cremated and would not give rise to public health or environmental concerns.

12.20 Mr KAM Nai-wai expressed concern about traffic congestion in the vicinity of the cemeteries during Ching Ming and Chung Yeung Festivals, and urged the Administration to improve the situation and enhance the accessibility to the cemeteries. SFH remarked that the heavy traffic demand was not envisaged at the time when the cemeteries were developed. For safety reasons, the roads leading to the cemeteries had to be closed during the two Festivals, and full accessibility to the cemeteries by public transport was thus not feasible. The

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Administration would consider carrying out improvement works to provide more stairs or escalators at the Wo Hop Shek Cemetery to facilitate the public in paying tribute to their ancestors. Highlighting the traffic conditions near the cemeteries in Chai Wan, Tseng Kwan O and Wo Hop Shek, Mr KAM urged the Administration to conduct traffic impact assessment for these areas and speed up the improvement works. SFH responded that the Transport Department and the Police would implement crowd control measures during the two Festivals having regard to the outcome of the traffic impact assessment. Nevertheless, he would relay Mr KAM's concern to the government departments concerned.

### **Other issues**

#### Fisheries

12.21 Mr WONG Yung-kan appreciated that the Administration had taken on board his suggestion of organizing training programme for fishermen and fish farmers, and hoped that the industry could benefit from the programme. As the Government had proposed to waive the business registration fee for a year, Mr WONG requested the Administration to also consider waiving the licence fees for local fishing vessels and marine fish cultures. SFH responded that the Government would consider concession or freeze on government fees and charges related to people's livelihood across-the-board.

#### Animal welfare

12.22 Mr Fred LI noted that most of the stray animals caught by AFCD were euthanized but not many of them were re-homed. He suggested that the Administration could collaborate with animal welfare organizations in arranging re-home service to those stray animals caught by AFCD. SFH advised that local animal welfare organizations had earlier proposed to the Administration the introduction of a "Trap-Neuter-Return" (TNR) programme for dogs, allowing neutered stray dogs without an owner to be returned to public places. However, dogs were domestic animals and might face difficulties living in the wild environment. They were prone to health problems, might cause nuisances to the public, and could also spread diseases. Nevertheless, during the consultation with various DCs on the TNR trial programme in 2007, nine of the 18 DCs supported in principle the implementation of the programme in their districts. As such, the TNR trial programme would be implemented only in nine DCs. The Director of Agriculture, Fisheries and Conservation stressed that the staff of AFCD, particularly the Veterinary Officers in charge of the Animal Management Centres, were equally caring about animals and euthanasia was performed on stray animals only as a last resort. Earnest efforts were made to re-home the

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stray animals through bona fide animal welfare organizations, although in reality a large number of them were not fit or accepted for re-homing for various reasons, for example, the animals were too aggressive to be kept as pets, suffering from infectious or skin diseases or parasites, crippled or seriously ill. Apart from some 13 000 animals caught each year, AFCD also received around 4 000 pet or stray animals, mainly dogs and cats, from members of the public who did not or could not continue to keep them. Less than 4% of the total number of animals received were re-homed successfully. On the other hand, AFCD received every year over 20 000 complaints about stray animals causing nuisance or public health problems or threatening the safety of pedestrians or motor drivers, and was urged to remove them permanently. The present practice was based on a delicate balance of interests among members of the public complaining about stray animals, animal welfare organizations and the stray animals themselves which, if not being re-homed and kept properly, would be subject to hunger, sickness or even abuses.



## **Chapter XIII : Health**

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13.1 At the invitation of the Chairman, Dr York CHOW, Secretary for Food and Health (SFH), briefed members on the major initiatives and expenditure on public healthcare services and healthcare reform for the coming year (Appendix IV-11).

### **Manpower demand and training of healthcare professionals**

#### Nurses

13.2 Dr Joseph LEE noted that the number of community nurses of the Hospital Authority (HA) would increase from 377 in 2009-2010 to 395 in 2010-2011, while the total number of home visits by community nurses would increase from 807 000 to 826 000. He expressed concern on whether the proposed increase in community nurses was sufficient to meet the increasing service demand, and whether HA had any long-term plan for training more community nurses. He also asked whether HA would set an optimal number of home visits or cases to be undertaken by each community nurse.

13.3 The Chief Executive of the Hospital Authority (CE, HA) advised that HA monitored closely the manpower situation of community nurses and was providing training for additional community nurses. Recently, quite a number of trained community nurses had chosen not to stay in their trained specialty, but joined out-patient nursing and ward nursing instead. HA was now conducting a grade review of community nurses and would devise measures to attract more community nurses back to the field. HA had also initiated improvements like issuing taxi vouchers and other measures to support the performance of duties by community nurses. HA would consider the need for setting a workload standard for community nurses.

13.4 Mr CHEUNG Kwok-che said that while he welcomed the initiative of increasing the number of training places for nurses in the next three years, he doubted whether the planned level of increase could meet the manpower demand given the wastage in various sectors. He asked if the Administration would conduct a comprehensive manpower assessment study for healthcare professionals, covering enrolled nurses, registered nurses, occupational therapists and physiotherapists, to facilitate strategic manpower planning for the relevant services.

13.5 SFH advised that the planned increase in training places for nurses had taken into account the demand for nurses in various sectors, including the private medical and welfare sectors. It was expected that about 1 400 nurses would graduate in 2010, and about 1700 and 2 000 nurses would graduate in 2011

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and 2012 respectively. The Administration would keep assessing the manpower situation of nurses in both the public and private sectors to determine whether it should increase resources to strengthen the training of nurses in the years beyond 2012. Given the ageing population of the community, it was expected that the manpower demand for nurses would continue to increase.

13.6 As regards the suggestion of conducting a comprehensive manpower assessment study on healthcare professionals, SFH advised that while the Administration was prepared to consider conducting such a study for long-term planning purposes, it was still necessary to address any short-term manpower shortage arising from discrepancies in manpower projections.

### Chinese medicine practitioners

13.7 Mr CHAN Hak-kan said that members belonging to the Democratic Alliance for the Betterment and Progress of Hong Kong supported the establishment of Chinese medicine hospitals in Hong Kong to meet service demand and to provide clinical resident training opportunities for local Chinese medicine graduates. In this connection, he asked whether the Administration would consider improving the salaries and appointment terms for qualified Chinese medicine practitioners by establishing a salary scale for the profession. He remarked that it would be a serious waste of public money if the local Chinese medicine graduates gave up their career because of low salaries and lack of prospect.

13.8 SFH advised that the Government was not in a position to establish a salary scale for the Chinese medicine practitioners as the public Chinese medicine clinics (CMCs) were operated by non-government organizations which determined the salaries of their employees autonomously. As regards training and job opportunities, SFH advised that adequate training opportunities would be provided in the existing 14 CMCs for Chinese medicine graduates. He added that applications had been received from two organizations for the development of Chinese medicine hospitals. The Administration had given in-principle support to one of the applications, and was studying the proposal in the other application.

### Occupational therapists and physiotherapists

13.9 Mr Fred LI said that a welfare organization had reflected to him recruitment difficulties for occupational therapists and physiotherapists. He asked if the Administration had assessed the manpower demand for these professional therapists and coordinated with the local tertiary institutions on training needs.

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13.10 SFH said that in view of the growing demand for rehabilitative therapeutic services in the community, the Administration had increased the funding in recent years for the training of rehabilitative therapists through the University Grants Committee. CE, HA advised that HA did not encounter shortage of occupational therapists and physiotherapists.

### Support staff

13.11 Ms LI Fung-ying noted a downward trend of staff appointment in the rank of Workman II, while more appointments were made in the rank of General Services Assistant (GSA) on contract terms. Since GSAs had a lower salary (some \$2,000 less) than Workmen II, she asked whether it was the intention of HA to replace Workmen II with GSAs, and whether HA would review the appointment conditions of GSAs by offering them permanent terms with a salary comparable to Workmen II.

13.12 CE, HA advised that it was HA's staffing policy in the past two years to increase the number of care-related support staff given the shortage of nurses in the public healthcare sector. These support staff performed clerical work at the ward level, and undertook work such as transport of patients, etc. to support serving nurses. HA's staff appointment policy was largely market-driven, and employees initially appointed on contract terms were eligible to change to permanent terms after six years of continued satisfactory service. HA was currently conducting a limited grade review covering the GSA and Technical Services Assistant (TSA) ranks. As part of the review, HA would conduct a specific analysis to see if the salary scales for the GSA and TSA ranks, which were \$6,200 to \$10,400 and \$9,400 to \$16,200 respectively, were in line with the market.

13.13 Ms LI Fung-ying commented that being a public organization, HA's staffing policy should not be entirely market-led and that a comprehensive review should be conducted in this regard.

### **Healthcare financing scheme**

13.14 Mr CHAN Kin-por noted that the Administration had earmarked \$50 billion in the fiscal reserves for implementing the healthcare financing reform, and enquired whether the Administration would consider using the \$50 billion for implementing tax deduction for private medical insurance premium, and what the Administration's strategy would be if the \$50 billion was inadequate. Dr LEUNG Ka-lau also enquired about the plan for taking forward the healthcare financing reform with the \$50 billion earmarked provision, such as whether the provision would be used to meet the operating expenses or as seed money for

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generating recurrent income to finance reform measures.

13.15 SFH responded that at the present stage, the Administration had not yet come up with concrete proposals on how the \$50 billion earmarked from the fiscal reserves would be used for implementing the healthcare financing reform. The suggestion of tax deduction for private medical insurance premium would have long-term financial implications on the Government, and would have to be considered in the context of healthcare financing reform separately from the \$50 billion earmarked provision which was one-off in nature. The Administration would formulate its plan on the use of the \$50 billion after the public consultation on stage II of the healthcare reform, which was planned to start in the latter half of the year.

### **Public healthcare services**

#### Mental health services

13.16 Mr CHEUNG Kwok-che expressed concern about the long waiting time for mental health services and asked about the case management programme for mental patients. CE, HA advised that the mental health programme was an important development and the present trend was to provide community support for mental patients instead of prolonged hospitalization. Under the case management programme, a case manager would oversee and actively follow up on patients who had been discharged from the hospital, which was a more pro-active approach than before. About 5 000 patients would receive support under the programme in 2010-2011, and the number of patients would be increased to 40 000 - 45 000. At least 80 case managers would be required to implement this initiative in 2010-2011.

13.17 Ms Audrey EU asked about the reasons for the long waiting time of eight weeks for new appointments at psychiatric specialist out-patient clinics of the Hong Kong West Cluster in 2009-2010, which was the longest among all hospital clusters. As the waiting time for the Hong Kong East Cluster was one week only, she suggested that arrangements be made between the two clusters to shorten the waiting time for patients in Hong Kong West.

13.18 CE, HA advised that there had been a notable growth in demand for psychiatric services in Hong Kong West, especially from child and adolescent patients. The Cluster management had been asked to provide a detailed analysis to facilitate a comprehensive understanding of the situation and formulation of appropriate measures. In the meantime, HA would increase the number of resident psychiatrists for the Cluster to shorten the waiting time.

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### Cataract surgeries

13.19 Ms Audrey Eu enquired about the current waiting time for cataract surgeries and the expected shortening of waiting time with some \$55 million provision to strengthen the services for cataract patients in 2010-2011. SFH responded that the current waiting time for patients with cataract in one eye was three to four years and the aim was to reduce it to two years. Priority would be given to patients with cataract in both eyes.

### Maternal and child health services

13.20 Dr PAN Pey-chyou sought reasons for the lower than target rate of new born babies attending the maternal and child health centres of the Department of Health (DH) in recent years. SFH and the Director of Health (D of Health) explained that in 2009, of the some 80 000 new born babies, there were some 40 000 whose parents were Hong Kong residents. The participation rate of these new born babies attending the maternal and child health centres was higher than 90%. The coverage rate of vaccination for babies at birth and children was over 90%, which was a very high coverage rate internationally, whereas the cervical screening attendance reached 100 000. Overall speaking, there had not been any significant reduction in the number of users of the maternal and child health services in recent years, and the quality of services had been much enhanced.

### Oncology out-patient services

13.21 Mr Fred LI expressed concern that among the seven hospital clusters, only the Kowloon East Cluster was not provided with an oncology treatment centre. Although the Administration was considering the provision of oncology treatment services in United Christian Hospital (UCH) after completion of the extension project in 2017, patients in Kowloon East who required chemotherapy/radiotherapy would in the meantime have to go to Queen Elizabeth Hospital (QEH) for treatment. He enquired about the progress of the UCH extension project.

13.22 In response, SFH advised that the Administration had already earmarked funding for setting up an oncology out-patient clinic for cancer patients in Kowloon East. Since the new clinic would not have clinical facilities for oncology treatment, patients would need to go to QEH for chemotherapy and radiotherapy. QEH had been advised of the need to provide such services for cancer patients from Kowloon East. The Administration would assess the service usage situation in determining the future provision of the services in the UCH.

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13.23 CE, HA advised that HA aimed to submit the proposal on the UCH extension project to the Administration in 2010, and clinical oncology services were planned as part of the new development of UCH. HA had increased the budget for 2010-2011 for the provision of clinical oncology services for Kowloon East by repurchasing the services from QEH. This arrangement would ensure that residents in Kowloon East had easy access to the clinical oncology services at QEH.

### Public dental services

13.24 Mr WONG Kwok-hing asked about the pilot study on provision of dental services to the elderly, and whether the Administration had any timetable for provision of dental services to the general public. He noted that there was no financial provision for promotion of oral health in the Estimates and requested the Administration to extend oral health schemes to secondary school students.

13.25 SFH advised that the Administration would initiate discussion with the Hong Kong Dental Association Ltd. in 2010-2011 on proposals to provide dental services to needy elderly at a low consultation fee, and aimed to implement the pilot study in 2011-2012. In planning for the service, the Administration would ensure that the service would genuinely benefit the elderly most in need and not be abused. Depending on the outcome of the pilot study, the Administration would determine the population groups in need of public dental service. The Administration would also take the opportunity to study with the Hong Kong Dental Association Ltd. the provision of oral health schemes for secondary school students by the private dental sector.

13.26 D of Health supplemented that there was an oral health education unit under DH responsible for promoting oral health to the public, including primary and secondary school students. DH would seek to enhance the promotion work. DH would also focus its efforts on exploring with the private dental sector the possibility of the private sector providing basic dental check-up services to secondary school students.

### **Primary care services**

#### Elderly Health Care Voucher Pilot Scheme

13.27 Mr TAM Yiu-chung noted that the utilization rate of health care vouchers by eligible elders under the Elderly Health Care Voucher Pilot Scheme had been rather low (i.e. 32%). He urged the Administration to step up the promotion of the scheme among the elderly, and enquired about the scope of the

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interim review of the scheme to be conducted in 2010.

13.28 SFH advised that over 40% of the eligible elders had participated in the scheme since its launch in January 2009. Some of them had used the service and found it satisfactory. Apart from western medicine doctors, Chinese medicine practitioners, dentists, other specified healthcare providers were eligible to enroll in the scheme. Publicity of the scheme was carried out at public out-patient clinics and private practitioners' clinics, welfare organizations and elderly centres. An interim review of the scheme would be conducted in mid 2010, covering aspects such as the purposes of elders' visits to clinics, the number of vouchers used per visit, opinions of elders and service providers towards the scheme, and impact of the scheme on the public healthcare system, etc. The Administration would make necessary changes to the scheme in the light of the review findings.

13.29 In reply to the Chairman's enquiry, SFH said that the use/availability of computer facilities at private health care practices should not be a major factor affecting the enrolment rate of the scheme. The online registration procedure of the scheme had been simplified to facilitate administration. His observation was that family doctors and general practitioners who had regular contacts with the elderly were more interested in the scheme than certain specialist practitioners. Currently, more than 1 000 Chinese medicine practitioners and dentists and 1 665 western medicine doctors had enrolled in the scheme.

### Primary Care Office

13.30 Dr PAN Pey-chyou welcomed the setting up of the Primary Care Office to support the development of primary care in Hong Kong. He enquired about the operation of the Office. SFH responded that the Primary Care Office would be responsible for supporting the Working Group on Primary Care (WGPC), which was chaired by himself and consisted of representatives from the Administration, HA, the private medical sector and service user groups. Based on the strategies formulated by the WGPC, the Primary Care Office would perform specific tasks including the development of conceptual models and clinical protocols for primary care, setting up a Primary Care Directory, and designing service delivery models. He said that primary care was one of the strategic areas of the healthcare reform. The Administration sought to develop primary care in Hong Kong in a more systematic and coordinated approach with the setting up of the Primary Care Office.

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### **HA Drug Formulary**

13.31 Ms LI Fung-ying said that she welcomed the increase in the number of drugs in the HA Drug Formulary in 2010-2011 with 38 200 patients expected to benefit each year. However, she was concerned that the HA Drug Formulary might disseminate the message that while the rich would get more effective drugs with less side effects, the poor had little choice but to accept the inferior drugs which had more side effects. She asked if the Administration and HA had any plan to conduct a comprehensive review of the Drug Formulary.

13.32 SFH said that the HA Drug Formulary was necessary for a publicly-funded health care system to ensure effective use of public resources so that it would benefit more patients. The Administration would review the Drug Formulary annually for deletion and addition of drugs based on clinical analysis.

13.33 Dr LEUNG Ka-lau noted that in the Administration's reply FHB(H)212, a total of 38 200 patients were estimated to benefit from the incorporation of eight drugs as special drugs into the Drug Formulary and the expanded scope of application of the drugs in nine drug classes in 2010-2011. He queried whether the number of the 25 000 patients to benefit from the provision of the drugs in three drug classes "Angiotensin-receptor blocker", "Glitasones" and "Insulin" at general out-patient clinics was over-estimated, as these patients would have been collecting these drugs at HA's hospitals already. As the operational cost per patient's visit at HA (\$840) was much higher than that at general out-patient clinics (\$280), Dr LEUNG considered that HA might be able to achieve substantial savings from this initiative.

13.34 SFH responded that the Administration's reply had sought to advise Members and the public that the new drugs to be added to the Drug Formulary and the expanded scope of application of the drugs in nine drug classes in the Formulary would benefit patients. The number of patients benefiting from the initiative was based on estimation by HA and was set out in the reply for Members' information.

### **Financial management of Hospital Authority**

13.35 Mr CHEUNG Man-kwong noted that in 2008-2009, HA had returned \$161.3 million to the Government, which was the Government's 50% share of the additional income arising from the obstetric package charges for non-eligible persons in 2008-2009. He urged the Administration to review the current arrangement and consider using such additional income to set up a medical fund to subsidize local patients who had to pay for expensive drugs.



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13.36 SFH advised that under the income sharing arrangements between the Government and HA, HA would retain 50% of the additional income arising from new medical fees and increase in existing medical fees, and return 50% of such additional income to the Government. Financially, HA was allowed to have no more than 5% of its income as savings, which could be used for the setting up of a fund suggested by Mr CHEUNG. It should however be noted that in the past few years, HA had recorded deficits and the Administration's target was for HA to achieve a balance between its income and expenditure.

13.37 SFH further advised that there were established mechanisms such as the Samaritan Fund for providing financial assistance to patients in need of expensive drugs. The additional provision allocated to HA in 2010-2011 also provided for the inclusion of some expensive drugs in the HA Drug Formulary for use by patients with cancer and genetic diseases. The HA Drug Formulary was reviewed from time to time to cater for appropriate addition and deletion of drug items. CE, HA supplemented that HA had made a three-year interim funding arrangement with the Government, under which the Government would provide an additional recurrent subvention of some \$870 million per annum to HA to strengthen its services. HA would advise the Government of its financial needs each year and did not see any need to change the existing arrangement.

13.38 Mr Andrew CHENG noted that in 2008-2009, the expenditure on the remuneration of all HA staff on a pay scale comparable to that of government directorate ranks was \$1,677 million and there had been an increase of 68 directorate staff in HA from 2007-2008 to 2009-2010. He also noted that in 2008-2009, the total expenditure of HA on the salaries and benefits for the 10 highest paid staff was \$39.9 million, while the net increase in expenditure for the addition of 25 directorate staff in the year was \$42 million. On the other hand, the total expenditure incurred by patients on purchasing self-financed drugs through HA in 2009-2010 (up to 31 December 2009) was \$542 million, and HA would only incorporate eight new drugs into its Drug Formulary in 2010-2011. He commented that the Administration seemed to be more generous in injecting funds on the salaries and benefits of HA's senior staff rather than on enhancing the HA Drug Formulary by incorporating more drugs to benefit patients. In this connection, he asked if the Administration would consider expanding the list of general and special drugs in the HA Drug Formulary, and subjecting the establishment and staff remuneration of HA to the examination of the Legislative Council to ensure prudent use of public funds.

13.39 SFH replied that HA was an independent statutory body and the remuneration of its staff was determined by HA Board which comprised

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representatives from various sectors to monitor the management of HA. He pointed out that HA's directorate staff had not had any salary increase for some years. The majority of HA's directorate staff were clinical doctors at the consultant level or above. It was essential for HA to retain these professionals to deliver quality services to patients, especially those with serious illnesses. The Administration considered the current arrangement appropriate and had no intention to interfere with HA's staff remuneration policy. As regards the drugs policy, he advised that all necessary and essential drugs were already made available on the HA Drug Formulary, and that not all self-financed drugs were necessary, e.g. those that helped reduce the blood cholesterol level. HA would take into account the advice of the expert panels in making changes to the Drug Formulary.

### **Vaccination Office**

13.40 Ms Audrey EU queried whether the setting up of a new Vaccination Office in 2010-2011 with the creation of seven posts was a result of the poor performance and coordination of the Administration for the Human Swine Influenza (HSI) Vaccination Programme. SFH and D of Health advised that the setting up of the new Vaccination Office was not directly related to the HSI Vaccination Programme. Given the increase in the number of vaccination programmes targeting different age groups and introduction of related subsidy schemes involving the private medical sector, the Administration considered it necessary to set up a new Vaccination Office to coordinate and collaborate with the private medical sector for the implementation and review of these new/ongoing vaccination programmes and subsidy schemes. SFH further said that it was not fair to criticize the Administration for having made an erroneous estimate on the required number of HSI vaccine vials. He explained that the decision was taken with regard to the circumstances and the number of target population. As a responsible government, the Administration had to adopt an approach that could best safeguard people's health.

13.41 In reply to Ms Audrey EU's enquiry about measures to boost the uptake rates of various groups of the HSI vaccination, D of Health responded that the HSI vaccination uptake rate was generally low around the world, and the response rate was not satisfactory despite the promotion efforts by DH. It might be due to low public awareness of the seriousness of the disease. DH would take the opportunity of the next peak of influenza to step up promotion on the vaccination programmes.

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### **Tobacco Control Office**

13.42 Mr CHAN Hak-kan noted that in the Tobacco Control Office of DH, the number of Tobacco Control Inspectors had decreased from 85 in 2008-2009 to 67 in 2009-2010, but 27 Overseer/Senior Foreman/Foreman were newly employed during the same period. He enquired about the reasons for these changes.

13.43 D of Health explained that some contract staff in the rank of Tobacco Control Inspector had been offered civil service appointment terms and transferred to the ranks of Overseer/Senior Foreman/Foreman, and they also carried out frontline enforcement and prosecution duties. It was hoped that the remaining Tobacco Control Inspectors on contract terms would be transferred to civil service appointment terms in a progressive manner.

### **Consultancy studies on public policy research**

13.44 Ms Cyd HO noted that the consultancy studies commissioned by the Administration from 2007-2008 to 2010-2011 mainly focused on a few areas, namely, anti-smoking, follow up to the melamine incident, healthcare financing, primary care services, and the role of pharmacists in developing an effective primary care system. She opined that the funding allocation to such consultancy studies did not align with the respective extents of public interest in the topics. She enquired about the criteria for determining the allocation of funding for commissioning consultancy studies on different topics.

13.45 Ms Cyd HO also noted that except for three of the consultancy studies commissioned by the Food and Health Bureau from 2007-2008 to 2009-2010, the reports of these studies were said to be for internal policy reference and not for general consumption or for preparation of public consultation documents. She opined that since these studies and research projects were funded by public money, the Administration should make available the study reports to the public as far as possible. The withholding of the study reports from the public was tantamount to depriving the public of the opportunity to conduct informed discussions of relevant policies.

13.46 SFH replied that in formulating government policies, reference would be made to the research studies conducted in the academic and scientific sectors, and also the experience and research of other governments and societies. He advised that all consultancy studies were commissioned with a view to facilitating policy formulation. The Administration would refrain from funding unnecessary studies. Funding for new research studies were pertinent to Hong Kong's

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circumstances. As regards the release of study reports, he explained that sometimes it was necessary to observe the confidentiality undertaking made in commissioning some of the consultancy/research studies. The Administration would make available to the public relevant research information when introducing policy proposals.

### **Complaints lodged with the Medical Council**

13.47 Mr Jeffrey LAM cited a recent incident in which a patient suffering from complications after an operation at a private hospital had lodged a complaint with the Medical Council, but was advised that it would take one or two years for the Council to provide a reply. Mr LAM expressed concern about the long time for the Medical Council to complete its investigation into an incident, and urged the Administration to review the current arrangement that a patient was required to settle the medical bill pending the outcome of investigation of the complaint lodged with the Medical Council.

13.48 In response, SFH advised that the hospital concerned was primarily responsible for dealing with any such complaint. If the patient or his/her family questioned the medical procedure or the professionalism of the medical practitioner concerned, they could lodge a complaint with the Medical Council and request for investigation. Upon receipt of a complaint, the Medical Council and its Preliminary Investigation Committee would make an inquiry and conduct hearings if appropriate. Regarding the case mentioned by Mr LAM, SFH undertook to convey his concerns to the Medical Council.

### **Promotion of sex education**

13.49 Mr Albert HO noted that from 2007 to 2009, there were about 10 000 attendances in the Social Hygiene Service of DH annually for treatment of sexually transmitted infections, and some of the attendees were of the young age groups. He asked whether the Administration would promote sex education through new media channels such as the Internet, and whether there were provisions for conducting a study on the extent of public awareness of sex issues such as safe sex and sexually transmitted infections.

13.50 D of Health advised that DH had set up a website on sex education and provided subsidy to the Hong Kong Family Planning Association to conduct a related survey among youngsters. The Administration did not set a funding limit on the services for treatment of sexually transmitted diseases, including the services provided at the Social Hygiene Clinics and the Kowloon Bay Integrated Treatment Centre of DH.

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13.51 As to Ms Cyd HO's enquiry on whether the Administration would request relevant data from private clinics for a fuller picture of sexually transmitted diseases in the community, D of Health responded that without a relevant enforcement tool to require private clinics to supply the information, the Administration would anticipate difficulty in making the arrangement.

## **Chapter XIV : Administration of Justice and Legal Services**

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14.1 At the Chairman's invitation, Mr WONG Yan-lung, Secretary for Justice (SJ) and Miss Emma LAU, Judiciary Administrator (JA) highlighted the key programmes areas and major expenditures under their respective portfolios in 2010-2011 (Appendices IV-12-a and IV-12-b).

### **Prosecutions**

14.2 Mr James TO noted that in some recent incidents of protests and demonstrations, the Police had decided to press charges against some civilians for their unruly behaviour during the activities. He said that there was a view in the community that such prosecutions had undermined Hong Kong people's rights to assembly. In this connection, he asked whether the Department of Justice (DoJ) had communicated with the Security Bureau on the prosecutions. He urged DoJ to play a gate-keeper's role to ensure that prosecution would not be used as a means to curb peaceful petition and demonstrations.

14.3 SJ responded that as prescribed in the Basic Law, DoJ advised and decided on all prosecutions except for some less serious offences which could be prosecuted by the respective law enforcement agencies. DoJ maintained communication with the law enforcement agencies including the Police to ensure that prosecution decisions were made in accordance with the established policy and practices. He stressed that the prosecution decisions were made professionally and not subject to pressure from the public or the media. In response to Mr James TO's further enquiry, SJ said that the Police was very experienced in handling incidents of a sensitive nature, and would give due consideration to the importance of protecting people's freedoms of assembly and demonstration while maintaining public order. He had confidence in the professionalism of the prosecution decisions made by the Police.

14.4 Ms Audrey EU enquired about the reason for the increase in number of prosecutions in 2009 as compared to 2008, and whether the increase in charges was on politically-related cases such as those made against the Citizens' Radio, unlawful assembly and procession.

14.5 SJ responded that while DoJ did not have a list classifying the nature of prosecutions, he did not think the increase in the number of cases was due to activities with political element. He reiterated that all prosecution decisions were taken professionally based on the prevailing policy and established practices, while balancing the needs to safeguard the rights of procession and assembly under the Basic Law and to ensure public safety.

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14.6 Mr Albert HO enquired about the policy for DoJ to seek advice from members of the Hong Kong Bar Association on matters relating to criminal prosecutions, and the financial provision for this purpose. SJ responded that there was no standing policy on when DoJ would seek second opinion from external counsel. In most situations, second opinion might be sought in the interest of the public when there were divided views within DoJ over certain cases which involved complex legal issues or related to highly sensitive matters that might undermine public confidence in the Administration's impartiality in prosecutions, etc.

14.7 Dr Margaret NG enquired about the reasons for some officers in the grade of Court Prosecutor with legal qualifications to receive lower salary than those who did not have professional qualifications. She also asked how many of the 11 Court Prosecutors newly recruited in July 2009 had legal qualifications, and how these new appointments would impact on the number of cases conducted by fiat counsel in 2010-2011.

14.8 SJ clarified that a law degree or legal qualification was not part of the entry requirement for the grade of Court Prosecutor. However, among the 11 newly recruited Court Prosecutors, one was fully qualified as barrister/solicitor, four of them had law degrees, and six of them were holders of other degrees. These new recruits, unless fully qualified as barrister/solicitor, would not generally undertake trial work but only general court and administrative duties. Besides, serving Court Prosecutors might pursue further studies for a law degree or equivalent for career development purpose. As for career advancement, these officers would be assessed on the basis of their experience and work performance.

### **Civil litigation cases and fees**

14.9 Mr TAM Yiu-chung noted that the increase in the actual number of new civil proceedings brought by the Government in 2009 over that of 2008 was mainly due to the increased number of cases involving recovery of student loans. He asked about the number and details of such cases, and the actions taken by DoJ to recover student loans in default cases.

14.10 The Director of Administration and Development, DoJ advised that in 2009, there were 1 347 cases involving recovery of student loans vis-à-vis 193 cases in 2005, with an accumulation of 2 533 active cases for the time being. On the recovery of student loans in default cases, SJ advised that the DoJ would serve a written notice demanding repayment within a specified period. If repayment was not made within the period, DoJ would institute legal proceedings to recover the loans. In these cases, special considerations could be given to requests of

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repayment by instalments. In reply to Mr TAM Yiu-chung's enquiry about the additional resources required to handle the increase in cases, SJ advised that an additional post had been created in DoJ to clear the backlog cases.

14.11 Ms Audrey EU referred to a recent judicial review case concerning disputes on the upper age limit for students with intellectual disabilities in receiving secondary education, which was lodged by Ms CHOI Wai-chu on behalf of Mr TONG Wai-ting, an 18-year-old boy with Down's syndrome studying in a special school. Ms EU expressed grave concern that the TONG family was required to pay the legal costs of about \$270,000 in respect of the 10 days' preparatory work for the period when the legal aid to the family had not yet commenced. She requested SJ to consider waiving the legal costs in view of the current financial conditions of the family, and the background of the case which was related to a matter of public concern. Mr Paul TSE also enquired about the established practice for exercising discretion in respect of recovery of legal costs in such cases.

14.12 SJ responded that legal costs awarded by the court to the Government and recoverable from the party liable were public funds. DoJ was duty bound to recover the fee to protect government revenue. In considering an application for waiving the legal costs awarded, the Administration would take into account all relevant factors in each case, including the conduct of the proceedings and any special circumstances or compassionate grounds which might justify not pursuing the cost. On Mr TONG's case, SJ explained that DoJ had acted on the court order to recover the relevant legal costs incurred during the period not covered by legal aid. He further advised that the lawyers of the two parties were in discussion, and Mr TONG's mother had written in requesting waiving the legal costs in light of the financial conditions of the family. Though sympathetic with the family, SJ advised that it was necessary to establish if there were justifications for not recovering the legal costs in this case, and DoJ would first verify the information provided by the family for the request.

14.13 Ms Audrey EU said that as the Legal Aid Department should have verified the information provided by the family before granting legal aid, it should not be necessary for DoJ to verify such information again. SJ explained that each case had to be considered on its own merits, regardless whether the party liable to pay the legal costs was provided with legal aid. At the request of the Chairman, SJ agreed to provide information on the considerations for making the decision in this case, provided that disclosure of such information would not be in breach of the rule of confidentiality.



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### **By-election Legislative Council in May 2010 and Basic Law issues**

14.14 Mr WONG Kwok-hing noted that provisions had been reserved in the Budget for by-election expenses. He requested SJ to clarify whether it was in breach of the Basic Law if the by-election for the five geographical constituencies in May 2010 was referred to as "referendum" or "*de facto* referendum" on political reform. He was concerned that it might be unlawful for the Administration to send out to registered voters election materials which highlighted "referendum" or "*de facto* referendum". He suggested including a warning in these election materials, like the health warnings on cigarette packets.

14.15 Dr Priscilla LEUNG shared the concern of Mr WONG Kwok-hing, and opined that it was "unconstitutional" to refer to the by-election as "referendum" which was in breach of the Basic Law. She asked why the Government had included funding for the by-election in the 2010-2011 Estimates.

14.16 SJ stated that Hong Kong's constitutional development and the electoral methods for selecting the Chief Executive and forming the Legislative Council had to be in accordance with the procedures as stipulated in the Basic Law and the relevant decisions of the Standing Committee of the National People's Congress, and the proposals put forth by the Government of Hong Kong Special Administrative Region (HKSAR) must obtain the support of a two-thirds majority of all Legislative Council Members, consent of the Chief Executive and endorsement of the Standing Committee of the National People's Congress. SJ said that the Basic Law did not provide for a referendum mechanism. Conducting any form of so-called "referendum" in Hong Kong with a view to influencing its constitutional development would have no legal basis or effect under the Basic Law and the legislation of Hong Kong, and would not be recognized by the Government. SJ stressed that HKSAR was part of the People's Republic of China and had no right to decide or change on its own the constitutional arrangement in Hong Kong. The Government would conduct the by-election on 16 May 2010 in accordance with the Electoral Affairs Commission Ordinance (Cap. 541), and discharge its statutory responsibility in conducting related activities, including drawing up the funding proposal and mailing of the election materials. The Registration and Electoral Office would take appropriate actions against any unlawful election materials or activities, and DoJ would provide legal advice where necessary.

14.17 Dr Priscilla LEUNG enquired whether the Administration would amend the relevant legislation to prevent the resignation of Legislative Council Members for the purpose of initiating any so-called "referendum" by way of by-election. SJ responded that some members of the community had expressed

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views on the need to amend the law to prohibit such a form of resignation. The Constitutional and Mainland Affairs Bureau would carefully consider the views expressed.

14.18 In response to Mr TAM Yiu-chung's enquiry, SJ said that it was the responsibility of the entire Government of HKSAR to uphold the Basic Law. As regards the provision of legal advice in relation to the Basic Law, he said that there were dedicated officers in the Legal Policy Unit responsible for the task. Mr TAM Yiu-chung considered that SJ should take a proactive approach to make clear the legal position of the Government on social and political issues, such as the so-called "referendum", and the relevant provisions in the Basic Law. SJ remarked that the Chief Executive and the Secretary for Constitutional and Mainland Affairs had already stated the Government's position on the legality of "referendum" on different occasions.

14.19 Mr Paul TSE declared that his "dear" was a potential candidate in the forthcoming by-election to be held on 16 May 2010. Mr TSE shared the view that many topical issues were closely related to the Basic Law, for instance, the co-location policy in the implementation of the Guangzhou–Shenzhen–Hong Kong Express Rail Link, the compulsory sale of land for redevelopment, and the statutory minimum wage. To enhance public understanding of issues related to the Basic Law, he considered that SJ should give his views publicly on these issues and explain the relevant provisions in the Basic Law, so as to reduce unnecessary litigation in these areas.

14.20 SJ said that, generally, in the course of developing policies, where legal issues were raised, the DoJ would have provided legal advice and such views would invariably be encompassed in the policy decisions and subsequent elaborations. He did not consider it necessary to highlight the legal advice that was given on each and every occasion. SJ pointed out that in many instances, the issues raised were not purely legal issues.

14.21 Mr Paul TSE considered that the \$1.5 million provision for the promotion of the Basic Law in 2010-2011 was grossly inadequate. In response, SJ affirmed his support for the promotion of the Basic Law to the public, and advised that DoJ was currently undertaking this initiative through seminars and the Basic Law Bulletin which summarized recent Basic Law court cases, for education of the public.

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### **Law drafting**

14.22 Dr Margaret NG expressed concern that sometimes the Chinese text of the legislative documents prepared by the Law Drafting Division was rather difficult to understand. While noting that DoJ had reserved funds for inviting experts in translation/linguistics and legislative drafters from other Chinese-speaking jurisdictions to conduct a number of seminars for counsel in the Law Drafting Division and Law Translation Officers in 2010-2011, she doubted if this measure alone would be sufficient to address the problem. In this regard, she enquired about the measures, including details of the seminars to be conducted, to be taken to enhance the Chinese standard of legal and related documents prepared by DoJ, and the resources involved. SJ agreed that there was room for improvement in the presentation of the Chinese text of legal and related documents. He would seek to enhance the standard in this aspect through established mechanisms. As regards the planned seminars to be conducted for counsel and translation officers in the DoJ, SJ advised that he would provide the details after the meeting.

### **Enhancement of judicial and staff manpower**

14.23 Ms LI Fung-ying noted the workload of bailiff and summons services would further increase in 2010, but the establishment of the ranks of Bailiff and Bailiff's Assistant had remained unchanged since 2008. Referring to the Judiciary's plan to launch open recruitment exercises for the Bailiff grade in 2010, she enquired whether there would be any change to the establishment and strength of the respective ranks in the grade, and whether the reserved provision would be adequate to meet the additional manpower requirement.

14.24 JA advised that the recruitment exercises to enhance the manpower positions for both Bailiff and Bailiff's Assistant in 2010 were in good progress. The Assistant Judiciary Administrator (Corporate Services) pointed out that the projected establishment and strength in respect of Bailiff for 2010 was 27 and 24 respectively. While the Judiciary was allowed to fill the outstanding vacancies, the actual filling of the posts would depend on availability of qualified and suitable applicants.

14.25 Ms LI Fung-ying asked why the projected strength for Bailiff's Assistant was just 35 in 2010, as the establishment was 43 and the strength in 2008 was 38. She also queried whether it was the Judiciary's intention to deplete the grade given that some of these staff were on fixed term contracts. In response, JA explained that as there was an urgent manpower need for Bailiff's Assistant as a result of transfer to other grades or retirement, the immediate

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vacancies were filled by contract staff before the appointment of permanent staff. The Judiciary would review the manpower need of the grade from time to time.

14.26 Dr Margaret NG remarked that it was no surprise that there was an increase in the number of complaints made against staff in the Bailiff grade, as they were caught in a situation where they had to cope with the increased workload without additional manpower support. She said that she would follow up the issue at the Panel on the Administration of Justice and Legal Services.

14.27 Referring to the shortage of district judges since 2009 and the long waiting time for hearing of cases at the District Court, Dr Margaret NG expressed concern that judges often had to work late at courts for hearing criminal cases, and this had unduly added pressure to the judges as well as lawyers and defendants. She criticized that despite their heavy workload, district judges had been deployed to help shorten the waiting time for the Family Court and the Lands Tribunal in 2009. Regarding the Judiciary's plan to appoint just one additional deputy district judge to the District Court to hear civil cases, she asked if this would be adequate to meet service demand.

14.28 JA acknowledged the significant increase in the number of criminal cases heard and the long trials taking place at District Court, and advised that there was plan to appoint one additional deputy district judge to the District Court to hear criminal cases starting from May 2010 onwards. Although the average waiting time for civil cases in the District Court from 2008 to 2009 was within the target of 120 days, the Judiciary had, upon consultation with the Chief District Judge, committed additional resources to appoint an additional deputy district judge to the District Court to hear civil cases.

14.29 While noting the Judiciary's initiative of enhancing its manpower provision in 2010 to cope with the increased workload, Mr Albert HO was concerned about the Judiciary's policy in appointing serving judges to offices outside the Judiciary. JA explained that the appointment of serving judges to offices outside the Judiciary was determined by the relevant legal framework. Unless required by law, the Judiciary would normally not arrange for serving judges and judicial officers to take up appointments outside the Judiciary, and would request the Administration to consider appointing retired judges and judicial officers, or persons with relevant legal background. She further advised that as pointed out by the Chief Justice of the Court of Final Appeal, he would only appoint serving judges to offices outside the Judiciary in those cases should there be no other suitable person to take up the position. She undertook to provide information on the number of serving judges being appointed to offices outside the Judiciary after the meeting.

### Waiting time for court hearings

14.30 While noting that the waiting time from filing of a case to first hearing in the Labour Tribunal for 2008 and 2009 was 24 days and 25 days respectively, Mr IP Wai-ming asked why the average waiting time from appointment to filing of a case had significantly increased from 17 days in 2008 to 28 days in 2009 since there was no major adjustment in the judicial manpower during the period. As the Labour Tribunal would have similar caseloads in 2009 (i.e. 7 758) and in 2010 (i.e. 7 760), Mr IP asked why a longer average waiting time of 30 days were projected in 2010. He urged the Judiciary to take measures to shorten the waiting time for court hearings.

14.31 JA responded that there had been an influx of labour dispute cases in the last quarter of 2008 and first quarter of 2009 due to the economic downturn, and this had lengthened the waiting time from appointment to filing of cases during that period. To cope with the sudden upsurge of cases, the listing arrangements had been enhanced so that more efforts and time were put in by the judicial officers to handle the extra cases for that period of time. In the latter half of 2009, the number of cases seeking appointment had returned to a normal level. JA further explained that it was not practicable to further shorten the waiting time taking into account the time required to undertake preparatory work before the first hearing. Nevertheless, the Judiciary would endeavour to shorten court waiting time as far as possible.

## **Chapter XV : Security**

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15.1 At the invitation of the Chairman, Mr Ambrose LEE, Secretary for Security (S for S), briefed members on the financial provisions and main initiatives of the programmes in the security policy area for 2010-2011 (Appendix IV-13).

### **Fire safety**

#### Fire services equipment and apparatuses

15.2 Mr WONG Kwok-hing said that the death of a senior fireman in the recent No. 4 Alarm Fire in Cheung Sha Wan had triggered complaints from some frontline firemen about inadequate provision of equipment for their safety. Referring to the procurement of fire equipment as mentioned by S for S, such as new breathing apparatuses, radio communication system, new fire tunic and overtrousers, Mr WONG asked about the progress and the expected arrival dates.

15.3 S for S responded that the Administration had all along attached great importance to the safety of frontline firemen and supported procuring the best possible equipment for firemen. In the past two years, the Administration had allocated about \$600 million to the Fire Services Department (FSD) for timely procurement of fire equipment. In addition to the funding earmarked in 2008-2009 and 2009-2010 to procure new breathing apparatuses and the allocations made in 2009-2010 to replace the radio communication system and fire appliances, \$89 million was earmarked in 2010-2011 for the procurement of fire tunic and overtrousers that offered greater protection. S for S said that while it was necessary to conduct the procurement process in full compliance with the relevant procedures, the Administration was exploring how to expedite the procurement of the required fire services equipment.

15.4 The Director of Fire Services (D of FS) informed members that FSD had received the new breathing apparatuses by batches from March 2009 onwards. Training was then provided to staff on the use of these 1 500 sets of new breathing apparatuses. The training programme had almost completed towards the end of 2009. However, in the testing conducted in December 2009, a defect, which could lead to errors in the air content reading, was detected with these new electronic breathing apparatuses. Upon notification by FSD of the defect, the manufacturer had immediately sent technical staff to fix the problem for these 1 500 sets of new breathing apparatuses. D of FS said that the problem had now been rectified, and the new breathing apparatuses would be ready for use by firemen in April 2010 after the Easter holidays.

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15.5 Mr LAU Kong-wah requested D of FS to give an account of the approval process and the time taken for the purchase of the new breathing apparatuses after the new models were identified suitable for use by FSD.

15.6 D of FS responded that FSD proposed to purchase the new breathing apparatuses in 2006 and approval was given by the Government in 2007. Funding was earmarked in 2008-2009 for FSD to procure the new equipment. D of FS said that it had taken longer time than usual in drawing up the tender specifications in order to comply with the relevant guidelines issued by the Government Logistics Department (GLD). Following delivery to FSD in March 2009, assembling, testing and training had to be completed before the breathing apparatuses were commissioned. Mr LAU Kong-wah commented that it was unsatisfactory to take five years for the new breathing apparatuses to come into use. S for S responded that the Security Bureau (SB) would collaborate with GLD in exploring room for compressing the procurement process of essential fire equipment.

15.7 Ms Audrey EU shared the view that it had taken an unacceptably long time for the new breathing apparatuses to be ready for use. She said that the replacement of the existing analogue radio communication system with a new digital system also took a very long time, as the Finance Committee had approved the funding in May 2009 but the equipment was expected to be commissioned only by July 2011. S for S clarified that the various fire equipment referred to by members was the newest model available in the market, which FSD considered suitable to purchase for replacement of the existing equipment in use by FSD. In other words, the frontline firemen were already provided with the relevant fire equipment, although they might be of an older model. Explaining that it was necessary to observe the laid down procedures for procurement in order to ensure fairness and impartiality, S for S reiterated that the SB would liaise with GLD to address concerns about the lengthy procurement process.

15.8 In response to Mr WONG Kwok-hing's enquiry, D of FS said that subject to the enactment of the Appropriation Bill, the procurement of the new fire tunic and overtrousers would immediately start. The new fire tunic and overtrousers were expected to be delivered by phases before March 2011. S for S advised that in order to expedite the procurement of the new fire tunic and overtrousers, tendering had started in early 2010. The Government could sign contract with the selected tenderer as early as possible in May 2010 after the Appropriation Bill was passed by the Legislative Council.

15.9 With regard to the No. 4 Alarm Fire in the Lai Cheong Factory Building during which a message sent by a mobile data terminal requesting that the

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blaze be upgraded to a No. 3 Alarm Fire was mistakenly deleted at the control centre, Mr WONG Kwok-hing asked what measures FSD would take to prevent recurrence.

15.10 D of FS explained that the incident involved the deletion of an assistance message sent from a mobile data terminal through the Third Generation Mobilizing System to the control centre. He said that after the incident, FSD had instructed that in future all frontline firemen should send assistance messages to the control centre through verbal communication over radio. Upon receiving such messages, the control centre would respond and confirm receipt of the requests. For radio black spots, mobile data terminals would still be used to send the assistance messages. In this connection, enhancement measures had been taken including installing red flashing signals and a buzzer for all incoming assistance messages to remind the operator at the control centre. In addition, the messages would be sent automatically to the supervisors of the control centre. This was to ensure that more than one officer at the control centre would receive the same message.

15.11 Mr James TO recalled that when considering the funding proposal for the procurement of the Third Generation Mobilizing System, members were informed by the Administration that the system would enhance the accuracy and efficiency for the mobilization of fire and ambulance resources to scenes of emergencies. He queried the rationale for reverting to verbal communication over radio for sending assistance messages to the control centre. D of FS explained that the revised arrangement was made in the light of implementation experience and having regard to the importance of assistance messages.

15.12 Mr James TO asked whether there were defects in the design of the Third Generation Mobilizing System in that it should not have allowed deletion of a reinforcement message if it had not been properly responded to. D of FS responded that FSD was improving the mode of operation of the system. Mr LAU Kong-wah questioned whether the Administration made the best judgment in its choice of fire equipment, since defects were found in the new breathing apparatuses and the Third Generation Mobilizing System. D of FS responded that the detection of bugs was not uncommon for new computer and electronic systems. He assured members that FSD had ensured the reliability of these new breathing apparatuses by conducting stringent testing, and the defects found had been completely rectified before the breathing apparatuses were provided to frontline firemen for use.



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### Live-fire training

15.13 Mr LAU Kong-wah enquired about details of the 10 proposed additional posts for enhancing live-fire and rescue training for frontline firemen, and the forecast increase in the average number of hours of live-fire training for each frontline fireman.

15.14 D of FS responded that live-fire training was currently provided at the Fire Services Training School in Pat Heung and the West Kowloon Rescue Training Centre. At present, frontline firemen received one full-day training in every 50 months at the Fire Services Training School in Pat Heung, and one full-day training in every 18 months at the West Kowloon Rescue Training Centre. D of FS advised that the proposed 10 additional posts were at the rank of Station Officer and Senior Fireman, and would be created for the Fire Services Training School in Pat Heung. Upon the creation of the additional posts, the training cycle was expected to be shortened from once in every 50 months to once in every 36 months. He added that no additional live-fire training facilities could be added to the Fire Services Training School due to space constraints.

### **Anti-drug strategy**

15.15 Mr CHAN Hak-kan welcomed the proposed capital injection of \$3 billion to the Beat Drugs Fund (BDF). He asked whether the licensing procedures for drug treatment and rehabilitation centres (DTRCs) would be reviewed to facilitate these centres to comply with the relevant licensing requirements in order to increase the number of licensed centres and shorten the waiting time of drug dependent persons for treatment.

15.16 The Commissioner for Narcotics (C for N) responded that the Administration had been facilitating DTRCs through providing professional advice on licensing requirements, undertaking site search, giving policy support to land grant, assisting in consultations with the local community, providing guidelines and conducting experience sharing sessions. The Licensing Office of the Social Welfare Department had also been providing active assistance to DTRCs in facilitating their compliance with the relevant licensing requirements. With the \$3 billion capital injection into BDF, consideration could be given to increasing the amount of grant for DTRCs to expedite their work to fulfill the licensing requirements.

15.17 Mr IP Kwok-him asked whether the capital injection of \$3 billion into BDF meant that the Administration was planning a number of new anti-drug initiatives for implementation. S for S responded that it was estimated that the

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annual average investment return of BDF would be about \$100 million after the capital injection. The increased investment return would be used to support different organizations for taking forward a number of anti-drug initiatives. These included upgrading of DTRCs to meet licensing requirements as well as reprovisioning and expansion of these centres, enhancing new measures and tools for prevention, early intervention and enhanced support for schools, facilitating new and innovative treatment and rehabilitation programmes targeting young drug abusers, and strengthening preventive education and research support.

15.18 Mr CHAN Hak-kan expressed concern that ketamine was becoming increasingly accessible at a falling price. He asked if there were new strategies adopted by the Customs and Excise Department (C&ED) in combating the inflow of drugs via the boundary crossings and entry points. Since there was not much increase in the funding earmarked in 2010-2011 for drug enforcement and investigation by C&ED while the workload would increase, Mr CHAN was concerned whether there were sufficient resources to tackle the problem.

15.19 S for S responded that the Police and C&ED were stepping up collaborative efforts with the Shenzhen and overseas authorities in pursuing enhanced measures and intelligence work to curb cross-boundary drug abuse and trafficking. As the use of drug detector dogs by C&ED at boundary control points would strengthen the deterrence against drug trafficking, increased allocation had been made to C&ED for purchase of additional drug detector dogs. S for S pointed out that the drop in the number of cases of youth being arrested for cross-border drug smuggling in the past year had demonstrated the effectiveness of these new measures.

15.20 Ms Audrey EU asked about the details of the programme on compulsory drug testing at the community level for which public consultation was planned in 2010-2011.

15.21 C for N responded that in November 2008, the Task Force on Youth Drug Abuse led by the Secretary of Justice published a report proposing to conduct further study on compulsory drug testing, which was aimed to identify drug abusers early for treatment and rehabilitation. C for N said that based on the report of the Task Force, the Administration was further studying the various issues and feasible proposals of compulsory drug testing. To work out specific proposals, the Administration would conduct a public consultation exercise in 2010 addressing on issues relating to law, human rights, enforcement and other related matters.

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### **Law and order**

#### Handling of public meetings and processions

15.22 Referring to the recent prosecution of some members of the Hong Kong Alliance in Support of Patriotic Democratic Movements of China who had participated in a demonstration, Mr CHEUNG Man-kwong queried why the participants, who did not attempt to storm the Police lines, had been charged by the Police. Mr James TO also expressed concern whether the Police had switched to a strategy of suppressing peaceful public meetings and demonstrations.

15.23 S for S responded that it was the Police's policy to facilitate all lawful and peaceful public meetings and processions. The freedom or right of peaceful assembly and procession was enshrined in the Basic Law and the Hong Kong Bill of Rights Ordinance (Cap. 383). From July 1997 to end of 2009, a total of over 30 000 public meetings and processions had been held in Hong Kong and most of them had been conducted orderly. S for S pointed out that while facilitating the expression of views by participants of processions, it was the Police's responsibility to maintain public order and strike a balance by ensuring the rights of other people to use the public place or road as well as their safety. He hoped participants of processions would observe the Hong Kong law and public order. In the past year, there had been cases in which participants of processions had acted in a rather extreme and violent manner. On such occasions, the Police were obliged to take enforcement actions to maintain public order and there were no political considerations behind. S for S added that it would not be appropriate for him to comment on the particular case referred to by Mr CHEUNG Man-kwong as it had already entered into judicial proceedings.

#### Complaints against police

15.24 Mr CHEUNG Man-kwong considered that the increase in the number of reportable complaints cases registered by the Complaints Against Police Office from 2 672 in 2008 to 4 257 in 2009 was alarming, as the crime rate had remained rather stable during the period. He said that this would greatly undermine the confidence of the general public in the Police, and, if unaddressed, could develop into general discontent. He asked what actions the Commissioner of Police (CP) would take to address the issue.

15.25 CP responded that the Police were very concerned about all complaint cases and the trend of complaints, and would conduct reviews from time to time. He said that the increase in the number of complaint cases against

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the Police in the past year was likely caused by a number of factors, which might include rising public expectations of the Police and growing demands for quality service. CP further said that the enactment and implementation of the Independent Police Complaints Council Ordinance (Cap. 604) had instilled greater confidence of the public in and enhanced public understanding of the complaint handling mechanism. CP pointed out that there was on average over 13 000 daily contacts between the Police and the public over a great variety of matters, and the majority of the complaint cases were minor in nature. The Police would continue to strengthen the professional sensitivity and communications skills of police officers through training, and Regional Complaints Prevention Committees were set up in 2009 to prevent any avoidable complaints. CP added that there was no indication of any general deterioration in the service quality of police officers.

### Financial provisions for "Rewards and Special Services"

15.26 Referring to the surprise inspections conducted on the use of provisions under the Subhead "Rewards and Special Services", Mr James TO said that the almost fixed pattern of frequency of these surprise inspections from 2007-2008 to 2009-2010 would render the inspections predictable and hence ineffective. He considered that the frequency of such inspections should be varied each year. CP explained that as a number of officers of different ranks were responsible for inspecting the provisions and each of them conducted a number of surprise inspections each year, the inspections were not as easily predictable as Mr TO had envisaged.

### Combating terrorism

15.27 Mr IP Kwok-him enquired about the reasons for creating 66 additional posts to carry out counter-terrorism duties in 2010-2011 on top of the 100 posts created for the same purpose in 2009-2010. He asked whether there was any increased threat of terrorist attack in Hong Kong.

15.28 CP responded that Hong Kong had an international obligation to tackle terrorism. In view of the complexity of the current counter-terrorism situation and as an international metropolis, Hong Kong needed to follow overseas arrangement by setting up the Counter Terrorism Response Unit (CTRU). CP said that the Counter terrorism Response Unit, which was a dedicated and specially trained operation unit, would enhance the Police's overall counter-terrorism vigilance and preventive capability. Efforts would be made to enhance co-operation with the Mainland, Macao and overseas authorities and law enforcement agencies to monitor global trends, exchange

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intelligence and make timely threat assessments. CP further said that it was also necessary to enhance the capability of the Very Important Person (VIP) Protection Unit to cope with the significant increase in the number of Very Important Persons visiting Hong Kong, which had risen from 63 in 1998 to 128 in 2008.

### Prosecutions against mis-selling of investment products

15.29 Mr KAM Nai-wai expressed dissatisfaction with the slow progress of the Police investigation of some 5 000 cases of alleged mis-selling of Lehman Brothers-related minibonds and structured products. Noting there had not been one criminal prosecution of employees of banks in connection with the mis-selling of minibonds, he queried whether it was due to the lack of professional support that had hindered the Police's investigation.

15.30 CP said that the Police had allocated sufficient resources to handle the reported cases and the relevant investigation work, and legal advice would be sought from the Department of Justice as necessary. The individuals who had reported the cases had been informed of the progress made in relation to their cases. CP assured members that the Police would continue to actively pursue their investigation work.

### Enforcement against illegal broadcasting

15.31 With regard to the unlicensed radio transmitting equipment operated by the Citizens' Radio that was found to have caused interference to the aeronautical communication channel of the Civil Aviation Department, Mr Paul TSE urged the Administration to take prompt enforcement action in order to ensure aviation safety.

15.32 S for S responded that while broadcasting issues were under the purview of the Commerce and Economic Development Bureau, he assured members that the Administration would act according to the law. He informed members that several prosecutions had been made against the Citizens' Radio for illegal broadcasting.

### **Immigration matters**

15.33 Mr Paul TSE asked whether the proposed recruitment of some additional 100 staff by the Immigration Department (ImmD) was due to increased workload as visit-arrivals under the Individual Visit Scheme (IVS) had increased by 26% in 2009 following the extension of IVS to non-Guangdong residents in

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Shenzhen since December 2009. He also asked whether there was any plan to further extend IVS to residents in other Mainland cities.

15.34 S for S clarified that the proposed recruitment of some 100 staff by ImmD was for taking up the management of the Castle Peak Bay Immigration Centre from the Correctional Services Department (CSD) in April 2010. S for S said that further extension of IVS to other Mainland cities should be done on a gradual basis, and it would be decided by the Government of the Hong Kong Special Administrative Region in liaison with the Central People's Government.

15.35 Noting the number of approved applications for entry into Hong Kong under the Capital Investment Entrant Scheme registered the largest increase rate in 2009, Ms Audrey EU asked whether the Administration would consider prohibiting applicants from solely investing in the property market in order to address concerns about the rapid upsurge of property prices in Hong Kong. She considered that the applicants should be encouraged to make investment in other fields such as social enterprises, which would benefit more the community at large.

15.36 S for S responded that the Capital Investment Entrant Scheme had brought Hong Kong \$42.1 billion of investment since October 2003. Since the investment made under the Scheme only represented approximately 1% of the total transaction value of the property market, it should not have any significant impact on the overall property prices. He added that so far, there had been no evidence that this initiative had led to upsurge of property prices or rendered flats unaffordable to local residents.

15.37 Pointing out that there was no shortage of supply of local university graduates, Ms Audrey EU questioned why the educational attainment of a large percentage of the applicants of approval cases under the Quality Migrant Admission Scheme (QMAS) was only "Bachelor degree or equivalent" (30%) and not any higher qualifications.

15.38 S for S explained that there was a need to bring in talented people from outside Hong Kong to meet the manpower needs of the local economy. He pointed out that given the low local birth rate and the ageing population, the Quality Migrant Admission Scheme sought to expand Hong Kong's pool of human capital and slow down the pace of ageing population. Under the Scheme, extra points were awarded to young people, and successful entrants admitted under the Scheme would possess skills and knowledge not readily available or in shortage locally.

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15.39 Mr KAM Nai-wai expressed concern about the confusion caused by the changes made to the last two digits of the Home Visit Permits upon renewal, which had posed problems to the permit holders in handling banking and property transactions in the Mainland. He asked whether provisions had been made in the 2010-2011 Budget for resolving the issue with the Mainland authority.

15.40 S for S responded that ImmD had already relayed the concerns to the Mainland authority, and some Legislative Council Members had also raised this issue during the plenary sessions of the National People's Congress and the Chinese People's Political Consultative Conference. No additional resources were required for dealing with this matter. S for S added that the Mainland authority was following up on the matter, and had issued official letters to permit holders to prove the validity of their renewed permits with changed digits.

### **Penal issues**

15.41 Dr Margaret NG asked whether voting arrangements, as required under the Voting by Imprisoned Persons Ordinance, were being made for imprisoned persons for the Legislative Council by-election on 16 May 2010. The Commissioner of Correctional Services (C of CS) responded that the implementation of all the necessary voting arrangements for inmates on the polling day was in progress, and relevant training would also be provided to the staff concerned.

15.42 Dr Margaret NG asked whether translation and interpretation services were made available by CSD to meet the needs for vocational training and medical services of remands and prisoners who were ethnic minorities. C of CS responded that all prisoners were required to engage in useful work. CSD also provided local prisoners with diversified and market-oriented pre-release vocational training in order to facilitate their re-integration into the society after release.

15.43 Dr Margaret NG asked what measures would be taken to address the overcrowding conditions of Lai Chi Kok Reception Centre and Tai Lam Centre for Women as the occupancy rate of the former was 135%, and that of the latter would still be high even after the commissioning of Lo Wu Correctional Complex. She also expressed concern about the excessive occupancy of Siu Lam Psychiatric Centre and the adverse impact of the overcrowding conditions on the rehabilitation treatment.

15.44 C of CS responded that Tai Lam Centre for Women was overcrowded as it accommodated remands and long-term prisoners, but its

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occupancy rate would improve and drop from 165% to 115% upon the commissioning of Lo Wu Correctional Complex in mid-2010. The situation of Lai Chi Kok Reception Centre would be closely monitored, and consideration would be given to transferring some of the remands of Lai Chi Kok Reception Centre to other penal institutions if necessary. C of CS further said that Siu Lam Psychiatric Centre from time to time experienced periods of excessive occupancy as it accommodated both remands pending psychiatric assessment report and persons requiring psychiatric treatment as ordered by the Court. He undertook that CSD would conduct regular reviews of the occupancy of the institutions.

### **Assistance to Hong Kong residents travelling abroad**

15.45 Mr Paul TSE said that the Travel Industry Council of Hong Kong had still recommended the departure of outbound tours to Bangkok on the previous day despite the issue of a "Red" travel alert under the Outbound Travel Alert (OTA) System on Thailand (Bangkok). As the travel trade did not seem to take heed of the advice on risk level issued under the OTA system, he considered that the Administration should review the need for the continued operation of the System.

15.46 S for S explained that the OTA System aimed to help people better understand the risk or threat to personal safety in travelling to a particular destination. The Government also had to respect the freedom to travel of Hong Kong residents, which was enshrined in the Basic Law. S for S said that the SB would step up efforts in enhancing the public's understanding of the different alerts under the OTA System and in strengthening coordination with the travel trade.

15.47 In response to Mr Paul TSE's enquiry, S for S said that Hong Kong residents in distress outside Hong Kong could also seek assistance by calling the "1868" hotline service. The Administration also maintained close liaison with airlines with respect to reserving seats on scheduled flights or arranging chartered flights to bring back Hong Kong residents in case of needs and on a priority basis.



## **Chapter XVI: Education**

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16.1 At the invitation of the Chairman, Mr Michael SUEN, Secretary for Education (SED), briefed members on the financial provisions and major initiatives on education for 2010-2011 (Appendix IV-14).

### **Overall expenditure on education**

16.2 Ms Audrey EU expressed concern about the substantial amount of unspent provision of \$2,557 million for recurrent government expenditure on education in 2009-2010, and enquired whether it could be redeployed to finance needy items of expenditure on education. SED advised that as most of the recurrent grants to public sector schools was calculated and disbursed on a per class basis, part of the unspent provision was due to class reduction in individual schools because of under-enrolment. The Permanent Secretary for Education (PS(Ed)) added that the unspent provision was also a result of the differences between the provisions for subsidies and actual approved amounts for schools/institutions/kindergartens and the less-than-expected expenditure for various student financial assistance and loan schemes. There were also some savings arising from the adjustments in civil service salaries and in the departmental expenses of the Education Bureau (EDB) in 2009.

### **Pre-primary education**

16.3 Ms Audrey EU observed that while the Administration claimed there was a rising trend in the monthly salary range of kindergarten teachers in the five school years from 2005-2006 to 2009-2010, the percentage of wastage in 2009-2010 remained at 7.2% high, and the average length of service among those leaving was 12.2 years. She enquired whether the Administration would consider reinstating the recommended normative salary scale for kindergarten teachers, which existed prior to the implementation of the Pre-primary Education Voucher Scheme, as a measure to retain kindergarten teachers.

16.4 PS(Ed) advised that it was for the kindergartens to determine their remuneration packages for teachers as kindergartens were run by private or non-governmental bodies. He advised that the wastage rate of 7.2% was lower than that in the previous years. According to the information collected from over 20 major school sponsoring bodies which operated about 400 kindergartens, 90% of these kindergartens designed their pay structures with reference to the former recommended normative salary scale. SED pointed out that following the implementation of the Pre-primary Education Voucher Scheme and training offered to kindergarten teachers, the qualifications of kindergarten teachers were higher than before. Based on the applications for fee revision by kindergartens in recent years, the salaries of kindergarten teachers had been on the rise.

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### **Primary and secondary education**

#### Consolidation of under-utilized primary schools

16.5 Ms Cyd HO expressed concern that seven more primary schools would cease operation under the policy on "consolidation of under-utilized primary schools" in the 2010-2011 school year. She noted that one of the schools on the list not approved to operate subsidized primary one class in the 2010-2011 school year, which was well-received by parents and students who were new immigrants to Hong Kong, would only need to admit some 10 more students to meet the threshold for operating a primary one class under the Primary One Admission System. She considered that the Administration should "rescue" these well-received schools, through administrative measures and allocation of additional resources, to enable them to continue operation.

16.6 SED responded that the Government had the responsibility to ensure prudent use of public resources. As the school mentioned by Ms Cyd HO had admitted only six primary one students, it could hardly form a class. However, it might continue operation under different development options offered to schools. He stressed that whether the school could enroll sufficient number of students reflected the parents' choice rather than its performance.

#### Debundling of sale and purchase of textbooks and teaching materials

16.7 Ms Audrey EU noted from a recent survey that more than half of the primary schools had financial difficulties in purchasing teaching materials following the debundling policy for the sale and purchase of textbooks and teaching materials. Ms EU enquired if there were measures to assist these schools. Ms Starry LEE requested the Administration to allocate resources to schools for the purchase of teaching materials. She also asked about the pricing of teaching materials after debundling.

16.8 The Under Secretary for Education (US(Ed)) advised that through the implementation of the debundling policy, textbook publishers would be encouraged to produce an appropriate amount of teaching/learning materials as required by schools, which would help reduce cost, avoid wastage and lower the textbook prices. While schools were already provided recurrent Subject and Curriculum Grant for purchasing teaching materials, the EDB would provide more funding for those schools which had genuine financial difficulties in purchasing teaching materials to ensure that they had the required materials for teaching. In addition, the Administration would also provide a one-off grant of about \$50,000 to each government, aided, caput and direct subsidy scheme

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schools for enriching their inventory of e-Learning resources in the 2010-2011 school year. US(Ed) further advised that the situation would be re-assessed when information was available on the pricing of teaching materials after debundling.

### Small class teaching

16.9 Mr CHEUNG Man-kwong expressed grave concern about the situation of insufficient enrolment in government and aided secondary schools due to a declining school-age population in the coming five years. He said that the situation was particularly serious in five districts, with a total of 9 000 vacant school places, and a reduction of about 66 secondary one classes. He requested the Administration to consider implementing small class teaching in these districts, as part of the policy to maintain stability of the teaching force in the implementation of the new senior secondary academic structure and optimization of the class structure.

16.10 SED advised that the Administration had been discussing with the stakeholders measures to stabilize the class structure in secondary schools, and the details would be announced shortly. He stressed that the objective of small class teaching was to enable schools to provide better education, and should not be taken as the solution to the problem of declining student population. As the effectiveness of small class teaching in primary schools had yet to be observed, the Administration had no plan to extend this to secondary schools at the present stage.

### National education

16.11 Referring to the substantial increase in the estimated provision from \$5 million in 2006-2007 to \$78.6 million in 2010-2011 for the deepening of national education, Ms Audrey EU asked about the programmes to be organized for this purpose. SED explained that while national education was incorporated in public-sector school curriculum, the increase in estimated provision was mainly related to the running of more cross-border students' and teachers' interflow and exchange activities under the "Passing on the Torch" programmes.

### Subsidy for Internet access charges

16.12 Mr WONG Kwok-hing noted that the Administration would provide a subsidy of \$1,300 for Internet access charges in the 2010-2011 school year to each low-income family with children studying in primary or secondary schools with a start-up capital of \$500 million. He asked whether financial assistance

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would also be provided to needy students for the purchase of computer hardware. SED said that under the existing "Computer Recycling Programme", funds were allocated to provide recycled computers to these students. The Administration was also making preparations for a non-governmental organization (NGO) to provide these families with economical Internet services and computer hardware.

16.13 Mr CHAN Kin-por enquired about the guidance and resources provided to parents to help them monitor their children's online activities and protect them from the potential risks posed by the Internet, such as exposure to undesirable contents and Internet addiction. He said that many parents had problems in guiding their children in this aspect given the spread of false information and undesirable contents through Internet. PS(Ed) said that the Government had launched an Internet Education Campaign, led by the Office of the Government Chief Information Officer, to educate young people on the proper and safe use of the Internet, and facilitate the concerted efforts of all relevant parties to address the possible negative effects of the Internet. The EDB would, in support of the Campaign, collaborate with the relevant NGO to distribute a resource kit to teachers and school social workers to provide them with information and suggested learning activities to guide students on the proper and safe use of the Internet. The NGO would also provide complementary services such as parent education and technical support.

16.14 As regards Ms LI Fung-ying's concern about the use of the terms "low-income family" and "needy families" in SED's speech, SED clarified that these terms in general referred to families receiving Comprehensive Social Security Assistance or students eligible for the School Textbook Assistance Scheme.

### **Special education**

#### Students with special education needs

16.15 Mr TAM Yiu-chung noted that additional resources and professional support were provided for primary and secondary schools to cater for students with special educational needs (SEN). Referring to a recent survey conducted by the Democratic Alliance for the Betterment and Progress of Hong Kong, he suggested that similar support should be provided at the kindergarten level for early identification and treatment of students with SEN.

16.16 SED and PS(Ed) advised that for pre-school age children with suspected health, developmental and behavioural problems, they were assessed by the Child Assessment Centres of the Department of Health, with a follow-up referral mechanism. The Deputy Secretary for Education (4) (DS/Ed(4)) added

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that the Education Bureau had been identifying primary one students with SEN through an annual, territory-wide "Early Identification and Intervention of Learning Difficulties Programme" in all primary schools, so that they would be timely referred to professionals for assessment, remedial assistance and advice on school placement according to their individual needs.

16.17 Ms Starry LEE opined that the Administration should draw reference from overseas experience in facilitating early identification and intervention for students with SEN. SED said that the Education Bureau would make reference to overseas research in respect of pre-school children with SEN. The Chairman suggested the Education Bureau conduct overseas visits to learn from other places. The Administration took note of the suggestion.

16.18 Ms Cyd HO expressed grave concern that some students with moderate/severe intellectual disability or hearing impairment were not admitted to special schools until after secondary one or two. She said that such transfer should take place as early as primary one or two, and asked why there was delay in some cases. SED said that some students might not be born with the disabilities but became impaired after illnesses or accidents. There was no conclusive data from these cases. He agreed to provide further information in this regard after the meeting.

16.19 Mr CHEUNG Kwok-che expressed concern whether information on students with SEN would be transferred from their primary schools to the secondary schools for follow up on their special needs. He also asked how the EDB could effectively monitor the use of the extra allocations by these schools in providing the necessary support to students with SEN.

16.20 DS/Ed(4) advised that at the end of each school term, the EDB would issue a circular to advise primary schools to provide, with the parents' consent, information of their primary six students with SEN to the secondary schools with which these students had enrolled, so that these students would continue to receive suitable support. The Bureau closely liaised with the primary schools, in particular those having a larger number of students with SEN, to ensure proper operation of this mechanism. SED said that in accordance with the Personal Data (Privacy) Ordinance (Cap. 486), schools had to obtain parents' prior consent for transferring students' personal information from primary to secondary schools. He noted that some parents were reluctant to give such consent. In reply to Mr CHEUNG Kwok-che's enquiry, DS/Ed(4) said that the Administration used to capture the latest number of students with SEN, including those having autistic spectrum disorders, for effective planning and implementation of related support measures.

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16.21 Mr CHEUNG Kwok-che relayed the concerns of some parents about the monitoring mechanism to ensure that the existing learning support grant would be fully translated into services for children with SEN. DS/Ed(4) advised that with effect from the 2009-2010 school year, schools were required to include in their annual school plans information on school policy, use of resources and support measures, and such plans should also be uploaded to the schools' websites to keep the stakeholders informed of the services so implemented. The Administration would also conduct school visits and sharing sessions to provide timely advice to schools. She noticed that there had been improvements among mainstream schools in enhancing their school culture to adopt whole school approach and integrated education to support students with SEN.

### Consultancy studies on special education related policy

16.22 Ms Cyd HO expressed dissatisfaction that while some \$4,000 million had been spent on consultancy studies for the purposes of formulating and assessing education policies from 2007-2008 to 2009-2010, only five of these studies (costing less than \$600,000) were related to special education and the findings were reserved for internal reference without being publicized.

16.23 DS/Ed(4) said that the five consultancy studies referred to by Ms Cyd HO provided input on the development of new senior secondary curriculum for students with SEN, and the recommendations were incorporated in the curriculum drafts. The Administration would engage experts for conducting more research studies into SEN as and when appropriate. The Deputy Secretary for Education (5) added that the Administration had shared the research findings with the schools and fine-tuned the related curriculum, information of which had been distributed to the stakeholders. At the request of Ms Cyd HO, the Administration agreed to provide the reports in question for members' reference.

## **Higher education**

### University places

16.24 Mr CHEUNG Man-kwong expressed concern about the anticipated drastic increase in the number of students meeting the general admission requirements of University Grants Committee(UGC)-funded institutions but not able to secure a place in university in the double cohort year 2012-2013 following the implementation of the new senior secondary and higher education academic structure. He said that to address the shortage of university places for the double cohort, the Democratic Party had suggested that the Administration

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should allocate additional recurrent funding to implement a voucher scheme to subsidize placement in non-publicly-funded undergraduate programmes. Ms Cyd HO considered that the Administration should put in more resources to increase university places in the long run, instead of offering temporary or one-off financial relief measures annually. Ms Starry LEE also urged the Administration to consider providing subsidy to the self-financed programmes or relaxing the criteria for students enrolling in these programmes to obtain loans from the student financial assistance schemes.

16.25 SED said that in the past ten years, the Administration had taken forward a number of initiatives to enable more senior secondary school leavers to have access to post-secondary education, including self-financing sub-degree and undergraduate programmes. Similar to overseas experience, the self-financing sector in Hong Kong had further scope for expansion. The Administration would give assistance through non-recurrent subsidy, such as land grant for the development of self-financing tertiary institutions. The Administration also provided means-tested grants and loans for students and was also reviewing the existing Non-means-tested Loan Scheme. As the total recurrent expenditure for education had already taken up about 23% of the recurrent government expenditure, expansion of publicly-funded university places or subvention of self-financed university programmes would require even more resources and might not be practicable at present. PS(Ed) added that needy students enrolled in self-financed higher education programmes were eligible to receive a similar level of assistance under the various student financial assistance schemes as those enrolled in publicly-funded higher education programmes.

### University programmes

16.26 Prof Patrick LAU expressed concern about the decreasing percentage of local students in UGC-funded research postgraduate programmes in the past three academic years (i.e. 2007-2008 to 2009-2010). While noting that research direction and exit paths might be reasons accounting for the decrease, he suggested the Administration to look into the matter and implement appropriate measures to attract more local elite students to study in these programmes.

16.27 SED and PS(Ed) advised that considerable research funding had been allocated to the UGC-funded institutions which had their own student admission policies. It was observed that students in different parts of the world showed different interests in pursuing postgraduate research studies. As regards Prof Patrick LAU's concern about the suicide cases of non-local postgraduate students, PS(Ed) said that the universities had been paying particular attention to the

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situation and had strengthened support measures to help non-local students adapt to the local environment.

16.28 Dr Priscilla LEUNG declared that she was an academic staff member of the City University of Hong Kong. She enquired whether incentives would be provided to encourage universities to launch programmes to complement the development of the six new priority industries, which would be conducive to supplying talents to the markets, creating jobs and equipping the unemployed with the necessary skills to re-enter the labour market. She asked whether the Administration would map out manpower requirements based on a population policy.

16.29 SED advised that the current effort was to encourage UGC-funded institutions to take forward more self-financed programmes, while providing start-up loan to develop or refurbish existing campus premises or allocating sites for the development of new self-financing tertiary institutions. As for the types of programmes to be launched, it would be a matter for individual universities to decide. In reply to Dr Priscilla LEUNG's further enquiry, SED said that the Government had provided a funding of \$1.75 billion to the Vocational Training Council in 2009-2010 for the provision of around 49 000 full-time places in vocational training courses at different levels, including those related to the six new priority industries such as higher diploma courses in environmental resources management, environmental infrastructure and engineering, product testing, etc. The provision of vocational education had taken into account forecast in manpower demand and demographic trend in the near future.

### Matching Grant Scheme

16.30 Dr Priscilla LEUNG noted that the Fifth Matching Grant Scheme for higher education institutions would comprise \$1 billion matching grant covering all of the 12 local degree-awarding institutions in Hong Kong. She enquired whether the allocation of funds would be in favour of those research-led institutions, as this would be unfair to those classified as teaching institutions. The Secretary-General of UGC stressed that it was UGC's prevailing policy to require all UGC-funded institutions to engage in research while providing quality teaching in their expert areas. There was no differentiation of teaching or research institutions under the Matching Grant Scheme. While the Higher Education Review 2010 was in progress, there was no plan at this stage to classify the institutions into teaching or research categories.



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### Student Assistance Scheme

16.31 Mr WONG Kwok-hing was gravely concerned that the number of bankruptcy applications in the student assistance scheme had more than doubled in the past few years, i.e. from 138 in 2007-2008 to 368 in 2008-2009, and that around 75% of the bankruptcy cases were initiated by students of part-time programmes or continuing education courses in the Extended Non-means-tested Loan Scheme. He enquired whether the Administration would consider waiving the loan repayment interests to alleviate the financial burden on students. Mr TAM Yiu-chung expressed similar concern and urged the Administration to put in place more effective measures to reduce the default rate.

16.32 SED and the Deputy Secretary for Education (6) advised that there was an existing mechanism to tackle default cases and when necessary, the cases would be referred for legal recovery actions. To address the default situation, the Administration had just launched a review on the non-means-tested loan schemes administered by the Student Financial Assistance Agency for students pursuing post-secondary and continuing education, which would cover, among others, the interest rate and repayment terms. The Administration would consider the views and suggestions received from the public and stakeholders with a view to drawing up recommendations by the end of 2010 for further consultation. The Administration would provide information on the estimated amount of revenue loss if no interest was to be charged for the three non-means-tested loan schemes administered by the Student Financial Assistance Agency.

### **Implementation of Qualifications Framework**

16.33 Ms LI Fung-ying noted that a total provision of \$41.4 million was earmarked for the development and implementation of the Qualifications Framework (QF) in 2010-2011, including providing secretariat support to the Industry Training Advisory Committees (ITACs) for 13 industries. As the Specification of Competency Standards had already been drawn up for some of these industries, she enquired about the reasons for continuing the operation of the advisory committees, and whether new industries would be included in the framework.

16.34 The Deputy Secretary for Education (1) explained that apart from developing the Specification of Competency Standards for the industries, the ITACs would continue their work to update the standards and promote the QF within their industries. She stressed that development of the QF was essentially industry-led. The Administration was exploring with stakeholders in other

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industries, especially the four economic pillars and six priority industries identified in the Chief Executive's 2009-2010 Policy Address, with a view to setting up new ITACx in these industries. In response to Ms LI Fung-ying's further enquiry, the Deputy Secretary for Education(1) said that the Qualifications Framework Secretariat had been working closely with the relevant parties with a view to setting up accredited assessment agencies to implement the "Recognition of Prior Learning" mechanism in the industries concerned.

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17.1 At the invitation of the Chairman, Mr Matthew CHEUNG, Secretary for Labour and Welfare (SLW), briefed members on the major initiatives and expenditure concerning welfare and women for the 2010-2011 financial year (Appendix IV-15).

### **Social security**

#### Comprehensive Social Security Assistance

17.2 Mr WONG Kwok-hing expressed concern that quite a number of Hong Kong permanent residents who used to work in the Mainland had become unemployed and returned to Hong Kong recently, but they were not eligible for Comprehensive Social Security Assistance (CSSA) because of the one-year continuous residence requirement. He considered that as these people were permanent residents of Hong Kong, they should be eligible for CSSA and needed not go through the discretionary mechanism. Mr CHEUNG Kwok-che also asked whether the Administration would review the asset limit under the discretionary mechanism and expedite the granting of assistance to these persons.

17.3 SLW advised that the CSSA residence requirements had been implemented since 2004 after careful consideration to provide a rational basis for the allocation of public resources. For cases warranting special consideration, a discretionary mechanism was in place which had been operating effectively in a flexible manner. The Director of Social Welfare (DSW) supplemented that his department would keep the situation under constant review to ensure that people in genuine need were given appropriate and timely assistance.

17.4 Mr LEE Wing-tat enquired about the number of able-bodied unemployed persons aged between 20 and 40 who had been on CSSA for a long time, and whether there were any further measures to help these persons return to the labour market. SLW said that able-bodied CSSA recipients were encouraged to rejoin the workforce through various employment assistance programmes, such as the Special Training and Enhancement Programme (My STEP) for the young and unemployed able-bodied CSSA recipients. DSW added that unemployed able-bodied CSSA recipients aged between 15 and 59 were required to participate in the Support for Self-reliance (SFS) Scheme. As at end of January 2010, 380 000 persons had taken part in the SFS Scheme and nearly 30% of the participants had rejoined the workforce. Of those participants who had joined the workforce, 30% had left the CSSA net and 70% had changed to the low earnings category under the CSSA Scheme.

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17.5 Mr WONG Sing-chi said that the Democratic Party had suggested transferring the income of CSSA recipients that exceeded the limit of disregarded earning to savings accounts, and that the cumulative saving should be returned to the recipients when the amount exceeded twice the ceiling of household income, so that the recipients could leave the CSSA net and had more opportunities for upward mobility. He asked about the trend in the number of CSSA recipients, and measures to be taken to help them return to the workforce without relying on CSSA.

### Old Age Allowance and Disability Allowance

17.6 SLW advised that the number of CSSA recipients had declined when compared to last year. The proposal to transfer the income of CSSA recipients to savings accounts had to be carefully considered, given the difficulty in prohibiting the CSSA recipients from withdrawing the savings during the interim period and relying on CSSA again when the asset and income of their families met the CSSA thresholds again in future. It might also run the risk of attracting more people to join the CSSA Scheme.

17.7 Mr WONG Kwok-hing enquired about the possibility of relaxing or removing the permissible limit of absence from Hong Kong for recipients of Old Age Allowance (OAA), and the timetable for completion of the review on the Disability Allowance (DA). SLW advised that the Administration was conducting a review on the permissible limit of absence from Hong Kong for recipients of OAA, and aimed to report the findings and those of the review on the administration of the DA Scheme to the Panel on Welfare Services by mid-2010.

17.8 Mr TAM Yiu-chung expressed concern about the long time taken for the reviews on OAA and other allowances under SLW's policy portfolio. Noting that currently DA and OAA were mutually exclusive, he suggested that elders suffering from disabilities should be entitled to either both types of allowances or a higher rate of OAA. He also enquired whether the Administration would conduct a study on the portability of welfare benefits given the increasing number of Hong Kong residents working or living on the other side of the border.

17.9 SLW advised that as the reviews on OAA and other allowances involved complicated issues, these would take some time to complete. He explained that it was important to ensure the prudent use of public resources under the various social security schemes. Unlike CSSA, OAA and DA were non-contributory and largely non-means-tested, and they targeted persons of different needs. For elders with genuine financial difficulties, assistance could be provided under the CSSA Scheme. In fact, about 60% of CSSA recipients

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were elders. As for the portability of public benefits for Hong Kong residents working across the border, this would involve several bureaux and require careful consideration.

17.10 In reply to Mr WONG Kwok-kin, SLW reiterated that the reviews on the permissible limit of absence for OAA and DA were in progress and the Administration was examining the feasibility of various options. The Administration aimed at briefing the Panel on Welfare Services on the review findings by mid-2010.

17.11 Mr CHEUNG Kwok-che was of the view that the various social security schemes should not be mutually exclusive. SLW advised that CSSA recipients were subject to means test whilst OAA and DA were granted on the basis of old age and disability, regardless of income (except for OAA recipients aged below 70). He said that an elderly in financial difficulties could apply for CSSA at an average rate of about \$4,100 a month for single elders. Similarly, a disabled person in need of financial assistance could also apply for CSSA instead of DA.

17.12 Mr Frederick FUNG expressed concern about the processing time of Social Security Allowance (SSA) cases, and enquired why new SSA cases took a longer time to process than new CSSA cases which should be far more complicated. DSW explained that all applications were processed as soon as possible. As CSSA cases involved families facing genuine financial difficulties, such applications had to be processed without delay.

17.13 Mr Frederick FUNG enquired whether any special measures were taken to meet the welfare needs of residents in public estates which had relatively higher numbers of CSSA, DA and OAA recipients. SLW advised that the Social Welfare Department (SWD) had set up Integrated Family Service Centres which aimed at providing comprehensive services to meet the multifarious needs of individuals and families in the community. DSW explained that SWD adopted a district-based welfare planning approach involving non-governmental organizations, based on the local demographic characteristics of each of the 11 administrative districts. In relation to Mr FUNG's concern, DSW undertook to provide information on special measures taken to meet the welfare needs of the residents of Sau Mau Ping Estate which had the highest number of CSSA, DA and OAA cases amongst all public housing estates.

17.14 Mr WONG Kwok-hing enquired about the timing for making the one-off additional payments to recipients of OAA, DA and CSSA as announced in the Budget Speech of the Financial Secretary. He urged the Administration to

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ensure that the additional payments would actually benefit those elders without self-care abilities and would not be usurped by some unscrupulous elderly homes. SLW advised that the additional payments to recipients of OAA, DA and CSSA would be effected some time around July 2010 following passage of the Appropriation Bill 2010 and subject to the approval of the Finance Committee. The Administration would remind all elderly homes that such additional payments were the property of the elders concerned, and actions would be taken against malpractices.

### **Other measures to support the needy**

#### Short-term food assistance service projects

17.15 Mr Frederick FUNG suggested that the maximum period for obtaining food assistance should be extended from six to ten weeks or even longer to provide better support for the needy. Noting that the food assistance service projects had served 26 158 persons from February 2009 to January 2010, Ms LI Fung-ying enquired whether the Administration would consider expanding the scope of the projects in view of the demand. SLW advised that there had been a decrease in demand for food assistance recently following the general economic improvement. The Administration would keep the situation in view and make suitable adjustments where necessary.

#### Social enterprises

17.16 Noting that only 34 participants had secured full-time paid employment under My STEP, Mr Frederick FUNG suggested that it would be more effective to encourage social enterprises to employ young people with difficulty in securing employment by providing financial subsidies to such enterprises. SLW said that Mr FUNG's suggestion would require careful consideration.

#### Transport Support Scheme

17.17 Dr Priscilla LEUNG urged the Administration to consider extending the Transport Support Scheme to provide transport subsidy to low-income families, so as to encourage the family members, especially young children, to engage in social activities to enhance their development and prevent family tragedies.

17.18 SLW advised that the Transport Support Scheme was originally launched to encourage needy job seekers and low-income employees of remote

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districts to seek jobs and remain in employment. Extending the scope of the Transport Support Scheme to facilitate social integration of low-income families would depart from the policy intention of the Scheme. As mentioned in the 2010-2011 Budget, the Administration would complete by the end of 2010 a study on ways to reduce the burden of travelling expenses on the working poor in Hong Kong. As regards CSSA families, the CSSA payments had already covered the recipients' basic needs including travelling expenses. A monthly transport supplement of \$210 was also provided to disabled persons in the age group of 12 to 64 to encourage their participation in activities away from home, thereby enhancing their integration into society.

### **Combating domestic violence**

17.19 Referring to the \$2 million provision in 2010-2011 for organizing training programmes to about 7 000 participants on handling child abuse, spouse battering, elder abuse, suicide and sexual violence, Mr WONG Sing-chi expressed concern that with an average training cost of \$285 per head, the training would not be of any material help to the participants. DSW advised that the training programmes would mainly be conducted by existing staff of SWD, and the cost would be absorbed by existing resources.

### **Supporting the elderly**

17.20 Referring to the planned provision of 1 087 additional subsidized residential care places in 2010-2011, Ms LI Fung-ying considered such provision far from adequate, given that from 1 March 2009 to end February 2010, about 9 450 elders were waitlisting for subsidized nursing home (NH) places, and among them 1 951 had passed away while waiting for admission to NH places. As regards the one-off grant of \$55 million from the Lotteries Fund for implementing the three-year Pilot Scheme on Home Care Services for Frail Elders in early 2011, Ms LI enquired about the number of elders who would benefit from the Pilot Scheme. She also enquired whether the Administration would consider providing financial assistance to the carers of the elders, as many carers had to give up their jobs in order to take care of the elders in their families. Mr WONG Sing-chi expressed a similar view that financial assistance should be provided to the carers as they had sacrificed their income in taking care of the elders.

17.21 SLW advised that the Administration had adopted a new approach in providing long-term care services for the elderly. Of the 1 087 additional residential care places in 2010-2011 and subsequent years, 818 would be NH places, representing a 37% increase from the current total of 2 191 subsidized NH

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places. The ratio of NH places to care-and-attention places in subsidized contract residential care homes for the elderly (RCHEs) was currently 5:5. To cope with the high demand for NH places, the Administration would refer more elders on the waiting list for subsidized NH places to contract homes so as to increase the ratio to 9:1 and, at the same time, purchase places from well-managed self-financing NHs. On the other hand, a one-off grant of \$55 million would be allocated from the Lotteries Fund for implementing the three-year Pilot Scheme on Home Care Services for Frail Elders. The Pilot Scheme would provide a new package of tailor-made home care services for elders who were on the waiting list for NH places while staying in the community and living in Kowloon, so as to better serve their special needs and help relieve the pressure of their carers. The Administration had no plan to provide financial assistance to the carers of the elders at this stage.

17.22 Regarding the infirmity care supplement and dementia supplement, Mr CHEUNG Kwok-che sought clarification on the Administration's reply that 100% of the qualified cases as confirmed by the Hospital Authority's Community Geriatric Assessment Teams/Psychogeriatric Teams were allocated with such supplements. He said that according to the industry's observation, the percentage was only around 60% to 70%.

17.23 DSW advised that SWD would allocate infirmity care supplement and dementia supplement to RCHEs concerned on a pro-rata basis according to the number of qualified cases in individual RCHEs. All the qualified cases would benefit from supplements allocated to the respective RCHEs. The number of qualified cases for dementia supplement in private RCHEs participating in Enhanced Bought Place Scheme was derived by making reference to the number of qualified cases as assessed and confirmed by Psychogeriatric Teams in the subvented RCHEs.

17.24 On the additional funding of \$4 million to extend the District-based Scheme on Carer Training to Neighbourhood Elderly Centres (NECs), Mr CHEUNG Kwok-che expressed concern that the seed money of \$50,000 to be allocated to each elderly centre would not be adequate for covering the expenses for running carer training programmes, as insurance would also need to be taken out for participants. He suggested providing periodic subsidies, say, every two to three years, to these elderly centres. SLW advised that the seed money of \$50,000 for each centre was for running carer training programmes in collaboration with community organizations on a self-financing basis. It would be a one-off allocation and cover insurance expenses.



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17.25 Mr CHEUNG Kwok-che further enquired about the current number of elders waiting for day care places in each district, and whether the Administration had any plans to upgrade the 53 social centres for the elderly to NECs. DSW advised that the Administration subsidized 80% of the operating costs of the 53 social centres for the elderly and they were encouraged to merge with other centres for upgrading to NECs. DSW further advised that the number of elders waiting for day care places in each district was not available, but consideration would be given to maintaining such statistics in future.

17.26 Mr IP Wai-ming queried how the Administration could assess the demand for elderly services if no statistics were maintained on the numbers of elderly singletons and elderly households, the waiting time for integrated home care services, and enhanced home and community care services in each district. He also expressed disappointment with the reduction of \$2.7 million in the provisions for district elderly community centres and NECs.

17.27 DSW advised that although SWD did not maintain statistics on the number of elderly singletons and elderly households in each district, the Census and Statistics Department collected information in this regard. The demand for the various kinds of elderly services were met through the integrated home care services teams which would adjust their services based on demand in their respective districts. As regards the reduction in the provisions for district elderly community centres and NECs, DSW said that it was the result of salary adjustments, and the services or the number of centres were not affected.

### **Supporting rehabilitation of persons with disabilities and mental illness**

17.28 Noting that \$163 million was earmarked under the Lotteries Fund to implement a three-year pilot scheme for providing home-based care services for persons with severe disabilities who were living in the community and were on the waiting lists for subvented residential care services, Mr WONG Sing-chi opined that as many carers were unwilling to send their severely disabled family members to residential care homes, the pilot scheme should also cover those persons who had not applied for such homes.

17.29 SLW advised that the pilot scheme aimed to provide relief to persons with severe disabilities who had undergone assessments on their requirement for subvented residential care services. Nevertheless, the Administration would keep an open mind about Mr WONG's suggestion and would seek more provision for extending the scope of the services where necessary.

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17.30 Dr PAN Pey-chyou expressed concern about the long average waiting time for the various types of residential services for persons with disabilities. He asked whether the Administration had any plans to provide additional places for such services in 2010-2011.

17.31 SLW advised that the elderly and persons with disabilities were the two main groups which the Administration would focus its efforts in 2010-2011. To address the problem of long waiting time for residential services for persons with disabilities, the Administration would provide an additional 939 subsidized places in residential services for persons with disabilities, of which 460 were intended for persons with severe physical or intellectual disabilities. It would also launch a pilot bought place scheme for private residential care homes for persons with disabilities, providing an additional 100 places this year and up to 300 places for the next four years. Meanwhile, a pilot scheme would be launched to provide persons with severe disabilities with home health care services, strengthen community support for persons with disabilities and relieve the stress of their family carers. The pilot scheme would be launched in Kwun Tong and Tuen Mun, which had the largest number of persons with severe disabilities waiting for subvented residential care services.

17.32 Mr WONG Sing-chi opined that the three-year pilot scheme for providing persons with severe disabilities with home care services should cater for the particular needs of individual persons with disabilities. He expressed concern that given the short supply in the market, there might not be sufficient places available for the implementation of the pilot bought place scheme for private residential care homes for persons with disabilities.

17.33 SLW advised that the Administration adopted an open attitude towards the three-year pilot scheme for providing persons with severe disabilities with home care services, and would invite views from the non-governmental organizations concerned on the scheme. He assured members that the home care services would be tailor-made to cater for the particular needs of the recipients in a flexible manner. He agreed that there were uncertainties on the supply of places for the pilot bought place scheme. As such, the Administration had decided to adopt a step-by-step approach by buying 100 places in the first year, and gradually increase the number of places in the second and the third years. DSW supplemented that according to the information gathered from the industry, the average occupancy rate of the private homes was about 70%. The Administration was confident that there would be sufficient places available for implementation of the pilot scheme.

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17.34 Dr PAN Pey-chyou enquired whether the Administration had carried out any assessment on the effectiveness of the integrated community centres for mental wellness (ICCMW) in Tin Shui Wai which had been in operation for about one year. He also enquired about the assistance given to such centres in identifying suitable sites.

17.35 DSW advised that the operation of the ICCMW in Tin Shui Wai was considered effective, as revealed by an evaluation study carried out by a university. The Administration had therefore decided to expand the service model across the territory and set up ICCMWs in all 18 districts with the additional annual provision of \$70 million. The Administration would help the centres identify suitable sites and carry out local consultation. He agreed to provide information on the findings of the study on the performance of the ICCMW in Tin Shui Wai.

17.36 Mr CHEUNG Kwok-che enquired about the amount of resources provided for each of the ICCMWs after revamping of the existing services and setting up of ICCMWs in 18 districts. SLW advised that with an additional annual provision of about \$70 million, SWD would revamp the existing community mental health support services and set up ICCMWs in all 18 districts throughout the territory to achieve synergy in service provision. DSW supplemented that each ICCMW, after revamping of the existing services, would be provided with additional resources. He would provide supplementary information on the amount of resources provided for each ICCMW after the meeting.

17.37 Noting that the enrolment rate of sheltered workshops had been maintained at 102% from 2008-2009 to 2010-2011, Mr CHEUNG Kwok-che enquired if the Administration had any plans to reduce the enrolment rate to below 100%. DSW advised that 100 places would be added to help meet the service demand for sheltered workshops in 2010-2011.

### **Women's interests and gender issues**

17.38 Ms LI Fung-ying suggested that the qualification requirements for women's enrolment in full-time or part-time training courses under the Employees Retraining Scheme should be lowered, so that even housewives could better equip themselves and enhance their competitiveness in seeking employment. She also noticed that women were generally earning less than their male counterparts. SLW responded that women were not earning less than men in many professional sectors. The legislation providing a statutory minimum wage would also help protect women's interest. As regards the suggestion to lower the thresholds for

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enrolment in full-time or part-time training courses, SLW agreed to review the current requirements in about two to three months.

17.39 The Chairman questioned the effectiveness of the half-day or full-day classroom gender-related training attended by 4 300 civil servants of different grades and ranks in view of its short duration. She considered that efforts should be made to promote such training within the Government. She also asked if Administrative Officers and politically accountable principal officials had attended such training.

17.40 SLW advised that it was an on going effort to provide gender-related training to different levels of civil servants ranging from senior officials to frontline civil servants, so as to raise their awareness of gender-related issues and the concept of gender mainstreaming. In addition to the on going exchanges on relevant issues among senior officials, SLW also wrote to all Principal Officials and Heads of Departments in February 2010 to remind them of the importance of applying gender mainstreaming in their work. Moreover, gender-related training had been included in the induction training for all newly recruited Administrative Officers, and would be included in the induction programmes for all newly recruited Executive Officers from 2010. The Labour and Welfare Bureau had also developed a web-portal on gender mainstreaming for reference by all civil servants in early 2009. Besides, gender-related training was provided by various Government departments. For example, the Customs and Excise Department and SWD had incorporated gender-related training into their regular training programme.

17.41 Whilst expressing full support for the Administration's effort in promoting women's interests, Mr WONG Kwok-hing expressed disappointment that the promotion of men's interests was not included in the 2010-2011 Budget. SLW assured members that men's interests had not been neglected, and men were receiving the same treatment as women in the welfare portfolio.

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18.1 aAt the invitation of the Chairman, Mr Matthew CHEUNG, Secretary for Labour and Welfare (SLW), briefed members on the main initiatives and expenditure on the policy area of labour and manpower development for the coming year (Appendix IV-16).

### **Promoting employment**

#### Pilot Employment Navigator Programme

18.2 Mr IP Wai-ming questioned the efficacy of the Pilot Employment Navigator Programme (PENP) in addressing the problem of manpower mismatch, particularly mismatch of skills. He asked how the Administration could help the participants remain in employment after paying \$5,000 cash incentive to those who had worked for three months in a job. He considered that some longer-term subsidies should be provided to the low-income groups. Mr WONG Kwok-hing opined that low salary was the main reason of the low motivation of job seekers to secure employment. He was also concerned that PENP participants might leave the jobs after receiving the \$5,000 cash incentive. He enquired if the Administration would consider the Hong Kong Federation of Trade Unions' suggestion of providing a low-income allowance to encourage those who were receiving social security to rejoin the workforce.

18.3 SLW responded that the mismatch was not merely a matter of skills, but that some job seekers were only interested in certain specific jobs. He explained that under PENP, placement officers of the Labour Department (LD) would offer intensive employment counselling services to job seekers, advise them of any mismatch between their knowledge and skill sets vis-à-vis the requirements of the jobs they were looking for, discuss with them any need to adjust their expectations or to bridge the identified gap, and help them develop and implement job search action plans. In addition, PENP would provide a cash incentive of \$5,000 to each job seeker who had worked for a continuous period of three months after receiving LD's intensive employment counselling services. It was expected that a participant who had successfully overcome the initial hurdles and stayed in a job for three months should normally be able to acquire the work habit and skills necessary for sustained employment. LD would put in place a monitoring mechanism to forestall abuse by employers or job seekers. The Commissioner for Labour (C for L) added that the cash incentive would be payable by stages viz. \$500 upon acceptance of job offers, \$1,500 after working for a month, and the remaining \$3,000 after working for a continuous period of three months in the job. According to past experience, about 70% to 80% of workers who stayed in a job for three months would continue to do so.

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18.4 Noting that PENP would provide 22 000 places over the two-year pilot period, Dr LAM Tai-fai enquired about the nature and number of job vacancies available. He also asked if repeated applications would be allowed under PENP and if not, the mechanism to prevent abuse. SLW explained that the cash incentive was capped at \$5,000 for each applicant over the two-year pilot period. While repeated applications were not allowed, an applicant who was not paid the full amount of cash incentive because he/she quitted the initial job but secured another job and stayed for a continuous period of three months would still be eligible for the remaining cash incentive. Applications for cash incentive would be carefully scrutinized by LD. Any irregularities detected would be thoroughly investigated and appropriate follow-up actions would be taken as necessary. SLW was confident that sufficient job vacancies would be made available under PENP, given the improved employment conditions as the economy gradually recovered. In the first two months of 2010, LD posted 87 924 vacancies in various sectors, including retailing, catering, cleaning and estate management. About 2 000 vacancies were received each day. In response to Dr LAM's further question, SLW said that PENP would be considered successful if 70% of applicants stayed in their jobs after three months. The Administration would review PENP after taking into account the experience gained in the pilot period.

18.5 Mr LEE Cheuk-yan held the view that PENP was of little help to the low-income group. He questioned whether LD had sufficient manpower to provide employment counselling services. The jobs posted by LD remained unfilled because of their long working hours and low income. He opined that if the Administration found it necessary to offer cash incentive for a person to stay in a job with monthly salary of not more than \$6,500, then the Administration should regard \$6,500 as the basis for calculating the statutory minimum wage, which would be \$33 per hour. His views were shared by Mr WONG Kwok-hing. SLW responded that there would be sufficient manpower for providing service under PENP and additional staff deployment would be arranged if necessary.

### Targeted employment programme

18.6 While acknowledging that the targeted employment programme was designed for young people with special employment difficulties, Mr IP Wai-ming expressed concern about the possible negative labelling effect on participants. Moreover, the provision of 500 places under the programme was far from enough to address the extensive unemployment problem of young people. He considered that, in the long run, the Administration should put in place a mentor scheme of longer duration for young people. SLW said that the latest unemployment rate was 4.6% or 159 100 unemployed persons for the period of December 2009 to February 2010. The numbers of unemployed young people

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aged between 15 and 19 and between 20 and 24 were 7 700 and 24 700 respectively. While the Youth Pre-employment Training Programme and Youth Work Experience and Training Scheme could provide assistance to most of the unemployed young people, these might not be suitable for those with special employment difficulties. To this end, LD would launch a targeted employment programme, under which non-governmental organizations would provide training and internship for 12 months to young people aged between 15 and 24 with low educational qualifications who needed special assistance because of emotional and behavioural problems or learning difficulties. C for L added that the programme aimed at helping young people gain work experience, inculcate work habit and develop social networks through intensive and customized training and employment support, thereby improving their employability.

18.7 Mr Frederick FUNG said that the Subcommittee on Poverty Alleviation under the Panel on Welfare Services had studied overseas experience and concluded that the most effective way to mitigate the unemployment problem was through the development of social enterprises. He estimated that with a provision of \$1.08 million, a social enterprise could provide about 10 jobs with a monthly salary of \$4,500 for two years. He was of the view that the provision for the programme should better be used to support social enterprises which would have more sustainable effects in the long run. C for L reiterated that the programme was designed to target at young people with special employment difficulties. SLW said that the Administration adopted an open mind to the various means to mitigate the unemployment problem. He would also convey Mr FUNG's view to the Home Affairs Department which was responsible for the development of social enterprises.

### **Promoting Family-friendly Employment Practices**

18.8 Noting that no additional resources would be earmarked for promoting family-friendly employment practices (FFEP), Mr WONG Sing-chi enquired about the Administration's plan to enhance the awareness of employers, employees, human resource practitioners and the public on FFEP, such as provision of paternity leave, maximum working hours, and nursery at work place, etc. Pointing out that long working hours were not conducive to FFEP, Mr LEE Cheuk-yan asked if consideration could be given to capping the working hours of care workers in residential care homes for the elderly under the Bought Place Scheme to eight hours per shift, with reasonable rest time between each shift. SLW advised that in considering whether certain terms and conditions, such as working hours, should be imposed on certain sectors, the Administration had to carefully assess the possible impacts on employees' job opportunities and employers' operating costs with a view to striking a reasonable balance. It was

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also necessary to secure support from both the employers and the employees before instituting any changes. He added that the Administration had been actively encouraging employers to adopt good people management practices with a view to balancing the work responsibilities and family commitment of their staff. LD had promoted FFEP through various activities and channels, including production of a video, staging roving exhibitions and sharing experience of good people management practices through the 18 Human Resources Managers Clubs formed in various trades.

18.9 In response to Mr WONG Sing-chi's further question on the number of establishments which had adopted FFEP as a result of the promotional efforts, the Deputy Commissioner (Labour Administration) advised that the Administration had not conducted a territory-wide survey on the implementation of FFEP by enterprises in Hong Kong. However, LD issued questionnaires on the provision of paternity leave to over 1 000 member organizations of its Human Resources Managers Clubs in 2006 and 2008. C for L added that the survey findings revealed that there was an increase in the number of surveyed organizations that had provided paternity leave to their employees, i.e. from 16% in 2006 to 21% in 2008. As the business needs and operating circumstances of different organizations varied, it was considered that individual employers were in the best position to decide which FFEP should be adopted having regard to their individual circumstances and diversified needs of their staff.

18.10 Mr IP Wai-ming questioned how the Administration could ascertain the effectiveness of FFEP in the absence of a formal study on FFEP. SLW agreed to provide relevant statistics on FFEP.

### **Enhancing occupational safety and health**

18.11 With the recovery of the construction industry, Dr PAN Pey-chyou expressed concern about the possible surge in occupational accidents as in the case of the collapse of work platform in a lift shaft in September 2009 where six workers were killed. He enquired about the measures which had been and would be put in place to improve occupational safety. He also questioned the reason for the low prosecution rate for non-compliance with safety legislation, noting that only 1 226 and 227 prosecutions had been taken in 2009 when 50 801 inspections to construction sites and 15 619 inspections to catering establishments had been conducted by LD in 2009.

18.12 C for L responded that LD conducted surprise inspections and complaint investigations to various workplaces to ensure that duty-holders had observed all related statutory safety requirements in workplaces. Apart from



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initiating prosecution against breaches of relevant laws, LD would issue written warnings, improvement notices or suspension notices to secure speedy rectification of the irregularities when necessary. In 2009, LD issued 12 500 warning notices, 600 improvement notices and 130 suspension notices to various establishments in the construction industry. Establishments with poor safety performance were put under close surveillance. As suspension of works would incur financial losses, employers would normally stand ready to take remedial actions expeditiously. As regards enhancing work safety in lift shafts, the Construction Industry Council had set up a committee to study the issue and recommend improvement measures.

18.13 Mr IP Kwok-him queried the effectiveness of the existing regulatory measures in protecting employees from heat stroke at work and from the adverse impacts brought about by the recent sandstorms from Northern China. C for L said that the Occupational Safety and Health Regulation (Cap. 509A), the Factories and Industrial Undertakings Regulations (Cap. 59A) and the Construction Sites (Safety) Regulations (Cap. 59I) set out the relevant duties of employers and employees. In respect of prevention of heat stroke, the employers had the statutory responsibility to assess the risk of their employees working in a hot environment, and to take appropriate preventive measures, such as provision of adequate drinking water at readily accessible locations, sheltered work and rest areas, ventilation facilities and training for workers. To provide guideline for employers and employees in assessing the risk of heat stroke at their workplaces, LD had developed and publicized a checklist on "Risk Assessment for the Prevention of Heat Stroke at Work". Efforts would also be made to promote the wider adoption of the Guidelines on Site Safety Measures for Working in Hot Weather published by the Construction Industry Council. As regards the recent sandstorms, C for L advised that the Environmental Protection Department was responsible for coordinating Government's effort in tackling the problem. Employees, particularly those with chronic heart and respiratory diseases, were advised to discuss with their employers about the work arrangements under sandstorms. On the enforcement of these measures, C for L said that LD conducted a special enforcement campaign to workplaces with a higher risk of heat stroke between April and September 2009. During the campaign, LD conducted a total of 9 416 inspections at different workplaces (including over 3 000 inspections to construction sites, over 800 inspections to catering establishments and about 40 inspections to elderly care homes), resulting in 207 warning notices, eight improvement notices and three prosecutions. Another round of the publicity and enforcement campaign would be launched in 2010.

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18.14 In response to Ms LI Fung-ying, C for L advised that two prosecutions were related to contractors failing to provide drinking water, and the remaining prosecution was related to a contractor failing to provide and maintain a safe system of work for workers under very hot weather warning.

18.15 At Members' request, the Administration undertook to provide the checklist and Guidelines.

### **Manpower development**

18.16 Ms LI Fung-ying expressed concern about the increase in tuition fees under the Skills Upgrading Scheme (SUS) Plus, which in her view would deter enrolment and was contradictory to the policy intent of promoting life-long learning. The Permanent Secretary for Labour and Welfare responded that the launch of SUS in 2001 with a capital injection of \$400 million aimed to provide industry-specific training for in-service workers to help them adapt to changing working environments. Upon the exhaustion of the funds allocated to SUS, the Employees Retraining Board had begun launching SUS Plus since 2009 to ensure service continuity for the target clients, including industries not covered under SUS and those people planning to work in another industry. Applicants who were unemployed or with a monthly salary of not more than \$7,500 could apply for a fee waiver while those with a monthly salary ranging from \$7,500 to \$15,000 could apply for fee reduction.

### **Transport Support Scheme**

18.17 Noting that the existing Transport Support Scheme (TSS) would remain in force pending completion of the focused study on how to reduce the burden of travelling expenses on low-income employees, Mr WONG Kwok-hing enquired if recipients who had enjoyed the transport allowance for 12 months could continue to apply. If such subsidies would cease to be payable, some employees might not be able to stay in their jobs because of the high transport cost. SLW advised that TSS would continue but each applicant would only be entitled for transport allowance for a maximum period of 12 months once.

18.18 Mr CHAN Kin-por asked about the details of the study and whether its scope would include extending the geographical coverage of TSS. Mr WONG Kwok-hing urged the Administration to extend TSS to the working poor in all districts instead of only some selected districts. SLW responded that the Administration would take a holistic approach in examining specific measures to alleviate the burden of travelling expenses on the working poor. As the study

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had yet to be completed, the Administration was unable to project at this stage the parameters and related resource implications.

18.19 Since any specific measures formulated would have resource implications, Mr IP Kwok-him expressed concern that the time taken for the Administration to formulate the funding proposal to the Finance Committee would further delay the provision of relief for low-income employees. He enquired about the concrete time table for implementation of the specific measures. SLW said that the Financial Secretary had made it clear in his Budget speech that the Government would make suitable financial provisions depending on the findings of the study.

18.20 Ms LI Fung-ying remarked that Members had been awaiting the outcome of the review of TSS for two years. It was disappointing to note that the review of TSS was further delayed by the study which was expected to be completed by the end of 2010. Mr Frederick FUNG and Mr LEE Cheuk-yan criticized that the Administration was using the study as an excuse to procrastinate the review of TSS. Mr IP Wai-ming shared the concern that the working poor had not been able to receive a transport allowance due to the long time taken for the review of TSS. SLW clarified that the Administration had no intention to procrastinate the review. The Administration expected to complete the study and draw up specific measures by the end of 2010.

18.21 Noting that some 600 applicants were not admitted under TSS, Mr CHAN Kin-por enquired about the reasons for non-admission and whether an appeal mechanism was available for these applicants. C for L explained that the applicants were not admitted mainly because they failed to meet the eligibility criteria for TSS, such as income and asset exceeding the prescribed limits or the distance between home and workplace being too short, etc. As applications for TSS were processed by non-governmental organizations, applicants could lodge applications for review with the implementing agency. Applicants could ask for further assistance from LD if not satisfied with the review result.

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19.1 At the invitation of the Chairman, Mr TSANG Tak-sing, Secretary for Home Affairs (SHA), briefed members on the major initiatives and expenditure on the policy area of home affairs for the coming year (Appendix IV-17).

### **Promotion of football**

19.2 On raising the professionalism of football teams and development of young football players, Mr CHEUNG Man-kwong expressed the view that instead of counting on the Hong Kong Football Association (HKFA) which was desperately in need of a revamp, the Administration should consider tasking the Leisure and Cultural Services Department (LCSD) or a special committee formed for this purpose, with collaborative efforts from schools and District Councils (DCs), etc. Given that most young players were students, the Education Bureau (EDB) should render all possible assistance to selected young players in their studies. There was also a need to promote the social status of football players, and to remove the negative label on them as "school drop-outs", or those doing poorly in school. He suggested that the Administration should adopt a two-pronged approach, i.e. to reform HKFA and to formulate a plan for development of young players in collaboration with other parties.

19.3 SHA advised that the Administration had recently consulted the Panel on Home Affairs on the findings of a consultancy study on promotion of football in Hong Kong, including stepping up training for young players. The Permanent Secretary for Home Affairs (PSHA) supplemented that a major part of the financial support for HKFA was dedicated to training of young players, and more resources would be provided for HKFA in 2010-2011. Apart from HKFA, the Administration was working through LCSD and schools in promoting football training for young players. Support and assistance of the EDB would be sought. A representative from the EDB and other government representatives would be invited to join a Football Taskforce, while HKFA and other stakeholders would oversee the implementation of the various plans and programmes launched for the promotion of football in Hong Kong. He assured members that the Administration would allocate additional resources for young player training at the district level.

19.4 SHA also noted the comments of Dr LAM Tai-fai that the Administration should accord sufficient attention to the healthy development of football in Hong Kong.

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### **District administration**

#### Subsidy for Mutual Aid Committees

19.5 Mr WONG Kwok-hing said that he was disappointed that the estimate for Programme (1) "District Administration" under Head 63 "Home Affairs Department" would only increase by 2.1% in 2010-2011. He expressed grave concern that each of the 3 067 Mutual Aid Committees (MACs) was only provided with a quarterly subsidy of \$1,000, and the procedures for reimbursement were cumbersome. He said that the MACs had a lot of grievances in this respect, and he would like to suggest that the subsidy be increased to \$1,000 per MAC per month. SHA advised that the Administration would submit a proposal to the Panel on Home Affairs for discussion.

#### Fund allocations for District Councils

19.6 Ms Cyd HO said that compared with the other DCs on Hong Kong Island, the provisions allocated to Eastern DC for implementing community involvement projects and district minor works projects did not commensurate with the area and population served by Eastern DC. She enquired about the criteria for allocation of funds to DCs. The Director of Home Affairs (DHA) advised that in allocating funds for the 18 DCs, the Administration would consider various factors such as the area and population served by the respective DCs, the needs of the community, etc.

#### Building management and maintenance

19.7 Mr IP Kwok-him expressed concern that the Administration had not provided sufficient resources for district administration. Given the accelerated pace of urban renewal, the launching of Operation Building Bright and the proposed Mandatory Building Inspection Scheme, the frontline staff of Home Affairs Department (HAD), in particular the Liaison Officer grade, were under tremendous pressure in providing service to the affected residents in various districts. He enquired whether the Administration was aware of the tight manpower situation, and whether it would provide more resources to enable HAD to more effectively perform its role and functions at the district level. Prof Patrick LAU expressed similar concerns and said that certain residents and owners' corporations had relayed to him that there was inadequate support from the Government. He envisaged that with the implementation of the proposed Mandatory Building Inspection Scheme and Mandatory Window Inspection Scheme and the lowering of the application threshold for compulsory sale for redevelopment, there would be a substantial increase in service demand from the

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residents. In this regard, he had serious doubts that the proposed deployment of 110 Liaison Officers with an estimate of \$48.3 million in 2010-2011 was adequate. He suggested that the Administration step up collaboration with non-governmental organizations to alleviate the pressure on frontline staff.

19.8 SHA explained that additional resources had been allocated for the programme area of district administration in 2010-2011. Due attention would be given to building management issues and HAD staff would try their very best to assist residents in the formation of owners' corporations. To assist owners of buildings without owners' corporations in maintenance and building works, a pilot scheme involving professionals in property management would be launched. These property management professionals would visit the target buildings and render professional advice to the owners on a pro bono basis. Useful information would also be provided on websites and in printed materials. DHA supplemented that six Liaison Officer I posts and eight contract posts would be created in 2010-2011. In addition, hundreds of Community Organizers were currently assisting in building management liaison work by conducting regular visits to owners' corporations and rendering assistance to them. The Hong Kong Housing Society and property management professionals would also assist owners of buildings in drawing up tender documents and vetting bids from eligible contractors.

### **Licensing of cyber cafés**

19.9 Mr WONG Kwok-hing enquired whether the Administration would consider regulating cyber cafés through licensing. He pointed out that without regulation, these cafés operated round the clock and had become a breeding ground of youth crimes.

19.10 SHA responded that it would be necessary to define cyber café for working out a regulatory regime. Currently, operation of cyber cafés was governed by a set of operational guidelines, and enforcement actions would be taken by the relevant government departments according to their respective sphere of responsibilities. PSHA added that while cyber cafés were not subject to licensing at present, detailed guidelines on fire services installations and building safety were in place for café operators to follow. Relevant government departments including the Hong Kong Police Force also conducted regular inspections to these cafés, and took enforcement actions against breaches of law and criminal activities.

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### **Arts and cultural development**

#### Support for small and medium arts organizations

19.11 Noting that the Administration intended to reserve \$486 million over the next five years for arts development, Mr LEE Wing-tat enquired whether the planned provision would include financial support for small and medium arts groups. Comparing with the resources put into the West Kowloon Cultural District, Mr LEE considered that the Administration had been tight-fisted towards the small and medium arts groups. PSHA clarified that most of the \$486 million provision would be used as subventions for the nine major performing arts groups and supplementary funding for the Hong Kong Arts Festival which carried the condition that more local arts groups would be involved in the programming. The \$3 billion Arts and Sport Development Fund would also provide financial support for small and medium arts groups.

#### Display of artworks at government venues

19.12 Mr LEE Wing-tat said that only a small number of government venues had been selected for display of artworks. To nurture budding artists, he asked whether the Administration could provide more venues, such as public libraries, for young artists to display their artworks.

19.13 The Director of Leisure and Cultural Services (DLCS) advised that LCSD was committed to the promotion of public art and had made a lot of efforts in promoting display of artworks at different government venues. Apart from the venues selected for permanent display of artworks, LCSD also staged time-limited displays of artworks of young artists at different venues in collaboration with DCs and other arts groups. By way of illustration, the "Artist in the Neighborhood Scheme" had been held over the years to display works of budding artists in different districts throughout Hong Kong, and a new "Art in the Park" scheme was held in late 2009 in a number of public parks to display artworks of young artists from four universities. LCSD had also been working with Sai Kung DC in launching a public art project aiming at installing four pieces of artworks in parks in Sai Kung and Tseung Kwan O. Additional resources would be made available in the coming years for display of artworks of young artists. On the funding arrangements, SHA advised that \$70 million would be provided by the Administration for the promotion of public art in the next five years. The Administration would continue to identify suitable sites throughout the territory for this purpose.

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### Arts and sports

19.14 Noting that the Administration would inject \$3 billion into the Arts and Sport Development Fund as seed money and make use of investment returns to support development of arts, culture and sports in Hong Kong, Dr LAM Tai-fai queried that the estimated annual investment return of 5% was over-optimistic in the aftermath of the global financial tsunami. SHA explained that the projected 5% investment return rate was based on the financial assessment within the Administration with due regard to the performance of various investment funds including the Exchange Fund over the years. Notwithstanding periodic fluctuations, the \$3 billion fund would be able to finance sustainable development of arts and sports in Hong Kong.

### Allocation of funds to arts organizations

19.15 Ms Cyd HO expressed grave concern that there had been a reduction in direct grant support by the Hong Kong Arts Development Council (HKADC) for arts practitioners, from \$77.0 million in 2004-2005 to \$44.8 million in 2009-2010. On the other hand, the administrative costs of HKADC had increased from \$17.2 million to \$21.0 million, and expenditure incurred by projects directly overseen by HKADC had increased from \$7.6 million to \$14.5 million over the same period. Since the mission of HKADC was to support arts practitioners, it should keep its administrative cost within a reasonable range. She opined that increased expenditure in projects directly overseen by HKADC over the years might reflect that more and more arts and cultural projects had come under the undue influence of HKADC, and this was not conducive to promotion of creativity.

19.16 SHA explained that the funding responsibility for a number of arts groups had been transferred from HKADC to the Home Affairs Bureau (HAB) since 2007-2008, and this had resulted in a reduction in the subvention from HKADC to the arts groups. Although the expenditure incurred by projects directly overseen by HKADC had increased from \$7.6 million in 2004-2005 to \$14.5 million in 2009-2010, he assured members that arts groups supported by HKADC were allowed absolute freedom in the production of their arts programmes. As regards the reduction in subvention provided by LCS D for arts groups, DLC S explained that the reduction was also due to the transfer of the funding responsibility from LCS D to HAB in 2007-2008. Ms Cyd HO commented that for the sake of upholding political neutrality and avoiding undue influence on arts and cultural development, the Administration should refrain from taking up direct funding responsibility for arts development. The Administration took note of her views.



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### **Asian Games 2019**

19.17 Mr KAM Nai-wai enquired how the Administration would gauge public opinions, and whether the Administration would commission a consultancy study to examine the feasibility for Hong Kong to host the Asian Games 2019. He also enquired about the possibility for Hong Kong to co-organize the Asia Games 2019 with other municipalities within the Pearl River Delta.

19.18 In response, SHA advised that the Administration would widely consult the community on Hong Kong's hosting of the Asian Games 2019. In this regard, the Administration would need to provide some background information such as facility requirements and the cost implications for the community to consider. The Administration was deploying internal resources to carry out the study at this stage. On the suggestion of collaborating with other cities in hosting the Asian Games 2019, he explained that like the Olympic Games, the Asian Games were organized on a city basis, but it was still possible for certain sports items to be held in collaborating cities. For instance, during the Beijing Olympic Games 2008, Hong Kong was invited to host the equestrian events.

19.19 Dr LAM Tai-fai said that it would not be sufficient for the Administration to carry out a feasibility study on its own without engaging a consultant to conduct in-depth study. While most people would like to see the holding of Asian Games 2019 in Hong Kong, they were unable to comment on the subject without the relevant information and data. The Administration should carefully assess whether it had the ability to organize such a major international event successfully.

19.20 SHA said that the hosting of Asian Games 2019 could help promote sports development and community cohesiveness in Hong Kong, and also promote Hong Kong's international image. The matter was being pursued by the Olympic Council of Asia and the Sports Federation and Olympic Committee of Hong Kong, China and the latter would have to forward a letter of intent before 30 June 2010 to host Asian Games 2019. He assured members that the Administration would provide some basic information and data to facilitate public discussion in April 2010.

### **Youth Square**

19.21 Mr CHAN Hak-kan expressed concern about the low occupancy rates of retail shops and hostel facilities in Youth Square, which were as low as 16.6% and 57% respectively in February 2010. He enquired whether the occupancy rates had met the Administration's original projections and whether additional

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injections to the Youth Square would be required should revenues from retail shops and hostel facilities fail to cover the expenses.

19.22 SHA advised that Youth Square was officially opened to public in early 2010 and it would need time for the public to get to know it. With the holding of the Youth Summit 2010 thereat and given more time and publicity, he believed that Youth Square would establish itself as a popular base for non-profit-making organizations to provide youth activities/services. At present, HAB had to subsidize the operating expenses of Youth Square. PSHA added that Youth Square's occupancy rates had been picking up, in particular the auditorium, and the management company was launching monthly publicity programmes since last August to promote Youth Square. HAB would offer more favourable terms to prospective tenants to improve the occupancy. The Administration hoped that Youth Square could be self-financing ultimately.

### **Legal services**

#### Legal aid

19.23 Ms LI Fung-ying noticed that while HAB had a wide range of responsibilities, SHA did not mention legal aid in his speech. Ms LI asked about the reasons for the lower target percentage figures in 2010 for legal aid applications and processing than the actual percentage figures in 2008 and 2009. She asked whether the Administration would provide more resources and adjust the financial eligibility limit for legal aid applicants to reflect the inflation rate.

19.24 The Director of Legal Aid explained that the setting of the 2010 target at 85% for processing legal aid applications within three months from the date of application was based on past experience and was considered reasonable, given the time required for obtaining information from third parties for the conduct of means and merits tests. The actual time required in this regard was often beyond the control of the department. He assured members that the department would process legal aid applications in a timely manner and would not slow down the application process simply because the target had been reached.

19.25 SHA advised that the Administration had recently concluded the review of the criteria for assessing the financial eligibility limit for legal aid applicants. Recommendations to substantially lower the threshold for legal aid application would be submitted to the Panel on Administration of Justice and Legal Services for discussion on 29 March 2010.

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19.26 Mr IP Wai-ming asked whether the Legal Aid Department would set a limit on the number of cases receiving legal aid by turning down cases on ground of merits. SHA assured members that all applications meeting the means and merit tests would be accepted, and the Administration would not use merits testing as a tool to control the number of legal aid cases.

### Legal Advice Scheme

19.27 Dr Margaret NG was concerned that the District Offices in Northern New Territories did not provide free legal advisory service. SHA said that he would consider Dr NG's suggestion to extend the service to Northern New Territories.

### Tel-Law Scheme

19.28 Dr Margaret NG asked when the Tel-Law Scheme was last reviewed and whether the script had been updated. With the implementation of the Race Discrimination Ordinance, she believed that the Administration should have added Putonghua and other ethnic minority languages to the scheme to cater for the needs of ethnic minority groups. PSHA agreed to check and advise members on the languages currently in use under the scheme.

### **Rural improvement works**

19.29 Mr CHEUNG Hok-ming said that he noticed that rural improvement works had been scaled down substantially, in particular those involving construction of roads. He enquired whether the Administration would, if the financial position improved, resume the Rural Planning and Improvement Strategy which was launched in the 1990s and concluded in 1999-2000, to improve the living environment of the residents in rural areas.

19.30 SHA advised that the Administration had no plan at present to re-launch the Rural Planning and Improvement Strategy. He explained that there were often difficulties in acquiring land from private owners in rural areas, since some owners were either out of Hong Kong or were unwilling to give up their land. Regarding Mr CHEUNG's concerns, SHA assured members that the Administration would strive to improve the living environment in rural areas on a project by project basis. Mr CHEUNG Hok-ming commented that the present arrangement after the conclusion of the Rural Planning and Improvement Strategy was unfair to rural residents. He urged the Administration to review the arrangement.

## **Chapter XIX : Home Affairs**

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### **Internship programme on arts education and museum management**

19.31 Mr IP Kwok-him said that while he was delighted that a two-year internship programme aiming to nurture a pool of curators and visual arts administrators would be set up in 2010-2011, he was worried whether adequate resources had been set aside by the Administration for this programme and whether there were sufficient incentives for the internees to stay on.

19.32 DLCS advised that the internship programme would offer each intern with a monthly salary of \$13,000, which compared favourably with other jobs for university graduates. Offering invaluable on-the-job training on museum management, exhibition planning, arts education and organization of public art projects and venue management, the internship would be rather appealing to young job-seekers.

### **Mediation service for settling building management disputes**

19.33 To reduce costly litigations arising from minor building management disputes which might end up with losses to both sides, Dr Priscilla LEUNG proposed the provision of mediation service under HAD to directly render assistance for building owners to settle building management disputes.

19.34 SHA advised that the Department of Justice had made considerable efforts in promoting mediation. He would communicate with the Secretary for Justice to see if mediation service could be applied to building management disputes. DHA supplemented that with the aim to facilitate a more efficient, expeditious and fair disposal of building management cases, the Lands Tribunal had conducted an 18-month pilot scheme for building management cases to encourage the use of mediation as an alternative means for dispute resolution. After evaluation and consultation, the Tribunal adopted such measures as standard practice with effect from 1 July 2009.

## **Chapter XX : Works**

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

### **Training and supply of construction workers**

20.2 Mr WONG Kwok-hing welcomed the Administration's commitment of \$49.6 billion on infrastructure projects in the coming financial year, which would help create job opportunities for the construction and other sectors. He was, however, concerned about labour shortage arising from the implementation of these projects when they were taken forward at about the same time. He stressed that the unions were absolutely against importation of labour, and he suggested conducting recruitment exercises in remote new towns in the New Territories, particularly in Tung Chung, to recruit labour from local market. He also suggested launching apprenticeship schemes to attract young people to join the construction industry to alleviate the ageing problem in the sector. SDEV said that she was aware of the concern about importing labour. While the unemployment rate in the construction sector was still around 8%, a growing demand for labour supply was envisaged in the construction sector. To address the manpower demand in the construction sector, the fifth training centre for construction workers was set up in Tin Shui Wai last year, where 70% of the trainees came from the Tin Shui Wai, Yuen Long, and Tuen Mun districts. She noted that construction companies were willing to recruit trained workers from those districts.

20.3 Mr IP Kwok-him and Mr IP Wai-ming asked how the Administration would use the \$100 million earmarked to support the construction industry to improve the professional image of the construction industry and create a sense of professional pride among the workers. The Permanent Secretary for Development (Works) (PS(W)) said the Administration was discussing with the sector measures to improve safety and tidiness conditions, provide sanitary and other facilities such as shower and pantry in construction sites, as well as provide uniforms for workers and supervisors. Funding approval would be sought later to implement various schemes, such as the Enhanced Construction Manpower Training Scheme, to further strengthen the training of the local construction personnel and to attract more people to join the construction industry.

20.4 Mr IP Wai-ming said that efforts should be made to address the four factors in the construction industry that many young people found unattractive: "dirty", "dangerous", "dull" and "dead-end" -- meaning that career prospects were poor. He suggested that the sub-contracting system in the construction industry needed an overhaul to redress problems like wage arrears. Retirement protection for construction workers should also be improved in order to encourage young

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people to take up a career in construction. SDEV said that the Administration had been promoting safety and construction site management practices adopted for public works projects in private construction sites. Training programmes such as construction site management and language skills were introduced for experienced workers to improve their capacity to become supervisors or even contractors. As regards retirement protection for construction workers, SDEV said that she would relay Mr IP's views to the Secretary for Labour and Welfare for consideration.

20.5 Prof Patrick LAU said that the Construction Industry Council (CIC) was established and funded to provide, among other functions, training for construction workers. He was dissatisfied with its performance in this regard and queried the need for providing additional funding for the CIC. PS(W) said that the additional resources were to be provided on top of the CIC's on going training budget to enable it to attract young people to enrol in training in trades requiring specialized skills or the less popular job types, and to operate training programmes which were outside its current scope. The training figures for construction workers were available in the annual reports of the CIC. In February 2010, the CIC had appointed a new term of members. Collaboration with the sector was required to implement the various initiatives. SDEV added that the objective was to address the ageing labour problem in the sector within a short period.

20.6 Mrs Sophie LEUNG said that it was important to inculcate a culture among young construction industry trainees that they must develop a personal pride for their profession and work steadfastly with perseverance before they could be successful in their career. She asked if the Administration's training partners would be able to include this element in their programmes. SDEV said that the Administration was collaborating with the CIC to organize talks for young trainees by people who had started their career as a construction worker and had been successful in becoming the proprietor of a contractor company.

### **Flood prevention**

20.7 Mr CHEUNG Hok-ming said that while the various large-scale drainage projects carried out in North and Northwest New Territories over the past ten years had effectively prevented major flooding, smaller scale flooding still persisted in small pockets of areas that could not be averted through minor works projects carried out. He asked about the measures to be taken by the Administration to resolve the flooding problem in these rural areas.

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20.8 The Director of Drainage Services responded that the major drainage improvement projects implemented in North and Northwest New Territories were based on recommendations from studies which were being reviewed. The review, expected to be completed within one to two years' time, would examine the need of further improvement to the current drainage system, including how smaller scale flooding at upstream areas could be prevented. The respective District Councils (DCs) would be consulted on the proposed measures. SDEV said that in some cases in the New Territories, it was difficult to carry out certain drainage improvement works as they involved invoking the Lands Resumption Ordinance to resume private land, which might take a very long time. The Administration had committed \$8.6 billion to implement minor works projects, while individual projects that cost up to \$21 million could be carried out as a minor works item under the block allocations. The Administration would accord priority to carry out drainage projects in those areas if justified.

### **Water supply and water conservation**

20.9 Mr WONG Kwok-hing and Ms Cyd HO asked if Administration had any plans to extend the use of seawater for toilet flushing. Director of Water Supplies (DWS) said that such works were being carried out in Northwest New Territories. The works in Southern District had commenced and was expected to complete in two to three years' time. The Administration would seek additional resources to implement more such projects if these were feasible and cost-effective. Mr WONG said that the Administration should organize more public education programmes on water conservation. SDEV said that a package of measures would be implemented on management of water resources, and the Administration would brief the Panel on Development on the subject at its meeting in May 2010.

20.10 Expressing concern about water conservation, Ms Cyd HO asked if rain water from the three drainage tunnels to be completed in 2012 could be collected and converted into drinkable water or used for toilet flushing. D of DS said that the option was not considered sustainable as it required a huge storage tank to collect the rain water and a lot of energy was required to pump the rain water up to the reservoirs. DWS said that the Water Supplies Department was working with the Drainage Services Department on measures to collect as much rain water as possible into the group of reservoirs in Kowloon.

20.11 Ms Audrey EU asked about the improvements achieved in reducing water mains leakage after having spent \$2.3 billion in consultancy and construction for water mains projects. DWS said that water mains leakage cases were reduced by 27.3% from 1 323 cases in 2008-2009 to 962 cases at the

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moment. After the completion of the replacement and rehabilitation programme of water mains programme by 2015, it was expected that the leakage rate would be further reduced to 15% from the current rate of 21%. DWS added that new technologies were introduced to step up inspection of water mains, and further details would be presented to the Panel on Development in May 2010.

20.12 Referring to the excessively large pools in some new private residential developments, Mr IP Wai-ming asked if the Administration would require developers to introduce water conservation measures and incorporate such requirements for the new building designs. SDEV said that there were incentive measures to encourage water-saving by developers, although no mandatory water conservation requirements were provided under the Buildings Ordinance (Cap. 123) which was mainly concerned with building safety requirements. The Hong Kong Green Building Council had developed the "Building Environmental Assessment Method" to measure the environmental performance of buildings, including water conservation features.

### **Greening**

20.13 Ms Audrey EU asked whether the \$1.9 million provision in 2010-2011 for public education and community involvement activities related to greening would include educational elements of identifying health problems in trees, as well as basic tree management skills. The Deputy Secretary for Development (Works) 1 said that District Tree Care Volunteers would be recruited to demonstrate proper tree management skills and seminars would also be organized. A new website would also be launched to provide information on greening and tree management matters.

20.14 Ms Miriam LAU asked if the Administration had a master plan for greening or a green coverage target ratio. The Director of Civil Engineering and Development said that there was no internationally adopted standard to calculate the green coverage ratio, but aerial photograph surveys conducted in 2003 showed that the green coverage ratio in Hong Kong's urban districts was 46% and it was more than 70% in the New Territories. The Administration had been trying to identify suitable space in the urban areas for planting and landscaping. Under the Greening Master Plans, the Administration planned to provide 300 000 square metres of greenery, which would increase the green coverage ratio for artificial greenery from 12.6% to 13.1%.

20.15 Ms Miriam LAU said that despite the large amount of resources put into greening, many of the greening and landscaping projects were not aesthetically appealing. She asked if the Tree Management Office would also take up frontline



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tree management and protection functions, and offer practical advice on tree preservation rather than focusing on office operation such as developing a database of important trees and dealing with complaints. SDEV said that in the past, the planning stage did not include greening requirements, therefore space had not been reserved for landscaping in many road construction projects. However, new guidelines had been formulated subsequently to provide for landscaping and greening for new projects. As regards tree management, such work would be coordinated centrally, while on-going frontline tree maintenance duties would continue to be carried out by staff of relevant departments such as the Lands Department and the Leisure and Cultural Services Department.

### **Heritage conservation**

20.16 Ms Audrey EU expressed concern that only nine applications had been approved so far under the Financial Assistance for Maintenance Scheme to carry out maintenance of graded historic buildings. She asked how the Administration would improve the situation. SDEV said that the scheme had been introduced for only more than a year. A total of 11 applications had been received, with nine approved and two being processed. She expected that more applications would be received with further promotion efforts and after the Antiquities and Monuments Office had completed the grading of the 1 444 historic buildings. SDEV added that some owners of graded historic buildings might have reservations in participating in the scheme given that allowing public access to their buildings was one of the requirements under the scheme.

20.17 Referring to Zuni Icosahedron's criticism about the proposed conservation of the Central Market, Mr LEE Wing-tat commented that the Administration should involve more architects, cultural organizations and conservation bodies in the planning and implementation of the initiatives under Conserving Central, as in the case of harbourfront enhancement for which public participation was enabled through the Harbourfront Enhancement Committee. SDEV said that Conserving Central comprised eight conservation initiatives of different nature and progress, each with its own positioning and type of implementation agents. Architects, relevant professionals and stakeholders had provided their inputs in the conservation of Central Market. Harbourfront enhancement and heritage conservation involved work of a different nature. It would be more fruitful to further involve the community and relevant organizations in exploring the overall heritage conservation strategy, especially on how those initiatives could be connected from the "point, line and plane" perspective, after those initiatives were up and running.

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20.18 Mr IP Kwok-him said that there should be interaction and linkage among the various initiatives under Conserving Central so as to create an atmosphere in the district. SDEV responded that Conserving Central was an interactive process and the Administration welcomed additional initiatives, such as that from the Fringe Club. The Administration would continue to explore issues related to the interaction and linkage among the various initiatives after each initiative was in operation. Further discussion would be held on Conserving Central at the meeting of the Panel on Development scheduled for 27 April 2010.

20.19 Dr Priscilla LEUNG asked whether strong public objection had pressurized the Town Planning Board (TPB) to change its position on the Wing Lee Street project from an urban renewal project to a conservation project. She said that the Administration should explain how the TPB, would weight public views in arriving at a planning decision. SDEV responded that she was not in a position to speak for the TPB which was an independent statutory body. She clarified that a decision had already been made in November 2008 to conserve Wing Lee Street under the H19 project. The issue considered by the TPB was whether three or all of the 12 buildings in Wing Lee Street should be conserved.

20.20 Mrs Sophie LEUNG asked which bureau would be responsible for dealing with proposals for the proposed creative industry landmark in the former Hollywood Road Police Married Quarters site. SDEV said that the project would be jointly launched by the Development Bureau and the Commerce and Economic Development Bureau, and the selection of the successful proponent would be made by the Advisory Committee on Revitalization of Historic Buildings, which would be augmented by experts conversant with the creative industries.

20.21 In response to an enquiry from the Chairman, the Deputy Secretary for Development (Works) 1 said that the former Hollywood Road Police Married Quarters site was located in a unique and historically significant area with a unique ambience. Through the project, the Administration sought to achieve the dual objectives of heritage conservation and promotion of creative industries. The operator of the proposed creative industry landmark project was expected to adopt a creative approach in operating the centre so as to add vitality to the area.

20.22 Dr PAN Pey-chyou said that Hong Kong lacked experience in large-scale conservation projects as proposed under Conserving Central. He said that it was important to take into consideration local history and characteristics in taking forward conservation projects, and conserved buildings should be in harmony with the surrounding areas. He suggested that more conservation

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projects be undertaken to reflect the lives of ordinary people of the local community, and that the Administration should learn and benefit from the conservation experience of neighbouring places such as Singapore, Taipei and Macau. SDEV said that the conservation initiatives related to old shophouses in Shanghai Street and Prince Road West recently proposed by the Urban Renewal Authority were exemplary examples of preserving local grassroots characteristics in built heritage conservation. Staff of the Commissioner for Heritage's Office had visited other places to learn from their conservation projects and had established links with the relevant bodies in these places. Experts from other places had been invited to Hong Kong for heritage conservation exchanges, and Government staff might be attached to one of those authorities to gain practical operational experience. SDEV said that given the different historical background and local situations, direct application of conservation experience and practice of other places in Hong Kong might not be appropriate, and it was necessary for Hong Kong to develop its own conservation principles in the light of the lessons learnt.

20.23 Mr James TO expressed concern about speculative purchase of buildings that had the potential of becoming Grade 1 buildings in the hope of profiteering from conservation initiatives. He said that conservation of private historic buildings would be extremely costly if they had to be purchased at market value or redevelopment value. He considered that there should be legislative measures to discourage speculation and discourage owners from selling private historic buildings to developers. SDEV said that in many conservation cases overseas, it was seldom necessary for the local authorities to acquire private historic buildings with public money as the owners often bequeathed their properties to the public authorities for public enjoyment. In Hong Kong, private properties were too valuable to expect owners to contribute likewise. So the Administration had proposed a number of economic incentives to encourage the conservation of private historic buildings. SDEV said that there had been a number of successful cases of such private conservation initiatives through transfer of plot ratio or land exchange without involving public money, such as Jessville, King Yin Lei and shophouses on Prince Edward Road. She hoped that more owners of private historic buildings would follow suit in conserving their historic buildings.

### **Dissemination of information on minor works projects**

20.24 Mr LEE Wing-tat asked if the Administration would publicize the progress of minor works projects through the Internet. PS(W) said that it was up to individual DCs to decide whether or not to publicize the priority of minor works projects in their respective districts. He understood that certain DCs had

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already announced such information through their websites. Works department could provide information on the progress, target completion dates or reasons for delays for projects publicized by DCs. The Director of Architectural Services said that a repair call centre and a computerized system had been set up to deal with more than 300 000 minor maintenance work items on government buildings. The information could be accessed by clients who could communicate with the department on complaints or matters related to work progress.

## **Chapter XXI : Planning and Lands**

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21.1 At the invitation of the Chairman, Mrs Carrie LAM, Secretary for Development (SDEV) briefed members on the main initiatives and expenditure on the policy area of planning and lands for the coming year (Appendix IV-19).

### **Compulsory land sale for redevelopment**

21.2 Mr WONG Kwok-hing asked when the proposed mediation mechanism to resolve disputes related to compulsory land sale would be implemented, and whether resources would be available to support its operation. SDEV said that she had been discussing the matter with the Department of Justice and the Judiciary, and the Judiciary would need time to consult relevant legal bodies on the proposed directive for a mediation mechanism. SDEV said that she was prepared to make provisions from her resource envelope to support the setting up of a mediation mechanism, and was seeking advice from the Hong Kong International Arbitration Centre in taking the matter forward. In the meantime, the Hong Kong Housing Society (HKHS) provided information through its ten Property Management Advisory Centres advising small property owners that they could organize among themselves to carry out redevelopment rather than having to sell their properties to a developer. Relevant cases handled by the Lands Tribunal were being translated into Chinese for reference by owners.

21.3 Dr Priscilla LEUNG asked if developers who had benefited from a redevelopment project under the compulsory land sale mechanism should be encouraged to bear more social responsibilities by collaborating with the Urban Renewal Authority to undertake less valuable but more pressing redevelopment projects. SDEV said that redevelopment was currently concentrating in Hong Kong Island areas with high commercial value, but would gradually spread to other old districts under market force. As redevelopment often involved considerable financial stakes, potential profits and full utilization of plot ratio were more important considerations for developers. There was a limit on how much the Administration could influence developers to take up more social responsibilities.

21.4 Mr James TO said that following the gazettal of the Land (Compulsory Sale for Redevelopment) (Specification of Lower Percentage) Notice, some agreed transactions of units in Merry Terrace were revoked by the developers. The incident indicated that lowering the application threshold for compulsory sale had made it easier for developers to acquire properties for redevelopment at the expense of small property owners. He requested the Administration to immediately review the legislation. SDEV said that there was no basis for an immediate review, but measures would be introduced to improve small property owners' awareness and to facilitate them to initiate redevelopment on their own. The proposed mediation mechanism would also help resolve

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disputes under the compulsory land sale mechanism.

21.5 SDEV further said that the Lands Tribunal, as the gatekeeper, would have to be satisfied that an application for compulsory land sale for redevelopment should only be approved based on the age and conditions of the building, and that reasonable steps had been taken by the majority owner to acquire the properties concerned. For the specific case of Merry Terrace, SDEV said that some of the conditions of transactions were unusual in that there were provisions for revocation by the developer.

21.6 Mr KAM Nai-wai said that owners of buildings which might be subject to compulsory land sale, such as Merry Terrace and Western Court, received confusing information regarding the share of ownership that had been acquired by developers. He asked if the Administration had any measures to ensure that individual small owners had access to information on status of ownership of their buildings. SDEV said that the Administration could only act within the bounds of the law. HKHS had provided advice through members of The Hong Kong Institute of Surveyors to help small owners understand their rights under compulsory land sale for redevelopment. While information on the status of ownership might not be provided free of charge as extra resources would be required, the Administration would discuss with HKHS to explore further room for providing assistance to elderly and other owners in disadvantaged circumstances.

21.7 Mr KAM Nai-wai said that it was not difficult to satisfy the Lands Tribunal that a building was in a state of disrepair when making an application for compulsory land sale. He cited the example of Western Court where broken windows were not repaired and the owners' corporation had stopped collecting management fees to carry out maintenance. Under such circumstances, conditions of buildings would deteriorate very quickly. He asked whether the Administration would review its policy to better protect the interests of small owners. While not commenting on specific cases, SDEV said that the Lands Tribunal must also be satisfied that a reasonable price had been offered and reasonable steps had been taken by the applicant to acquire the properties before filing an application for compulsory land sale.

### **Revitalizing industrial buildings**

21.8 Mr WONG Kwok-hing said that after the Administration announced its plan to revitalize industrial buildings, many tenants, especially those in the cultural and creative industries, would face sharp rental increase. He considered it insufficient for the Administration to appeal to the landlords to charge these tenants less exorbitant rates, and asked if the Administration had any measures to avoid such tenants being forced to move out from industrial buildings as a result

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of high rent. SDEV said that it remained a speculation that such tenants would actually be required to move out or pay higher rent, as the supply of industrial premises was abundant. However, given the concerns expressed by the sector, the Administration would try to identify specific industrial building owners who were interested in the revitalization scheme and examine whether they could provide assistance to such tenants directly affected by the new initiatives. In response to Mr WONG's another enquiry, SDEV said that the Water Supplies Department had decided to relocate its New Territories West office in Mong Kok to an industrial building. Suitable premises in industrial buildings were being identified for use as offices.

### **Building maintenance**

21.9 Mr IP Kwok-him enquired about the progress in streamlining the application procedures for various building maintenance financial assistance schemes. He said that the issue was becoming more pressing especially for owners whose properties were selected for Operation Building Bright, but who either lacked the means or were unable to pool together the necessary funds with other owners to carry out maintenance. SDEV said that the Administration was reviewing how the application procedures could be streamlined. The review would also examine what assistance could be provided to ease owners' cashflow difficulties. The suggestion to waive loan interest would also be addressed in the review. Meanwhile, for the short term, HKHS would provide one-stop support to help owners in seeking subsidies and other financial support. Priority might be given to processing applications from owners of buildings selected for Operation Building Bright. She would report the outcome of the review in June 2010 to the relevant Panel of the Legislative Council, before seeking funding support for the new round of Operation Building Bright.

21.10 Dr Priscilla LEUNG said that many owners of old buildings would not have the knowledge to commission professionals to carry out maintenance and repair works. They often engaged renovation workers who might have little knowledge on building works and would unlikely submit building plans to the Buildings Department (BD) for prior approval. It would be too late to punish the renovation workers when accidents occurred. Dr LEUNG asked if owners or tenants should be required to inform BD when they decided to carry out building maintenance or major renovation works. She also asked whether BD should inspect the buildings and advise owners or tenants accordingly in such circumstances. SDEV said that building maintenance should be owners' responsibility, and the Administration would be responsible for accrediting the qualifications and regulating the conducts of professionals in carrying out the maintenance works. The Director of Buildings said that the registration scheme for minor works contractors had been put in place to regulate renovation works

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involving interior alteration and addition and contractors' qualifications. The Administration would widely publicize the scheme and advise owners of the need to find qualified contractors to carry out building works.

### **Development Opportunities Office**

21.11 Prof Patrick LAU asked whether the need for the Development Opportunities Office (DOO) to seek advice from the Land and Development Advisory Committee (LDAC) on development proposals would reduce efficiency. He said that some of the proposals involved the community's most needed facilities such as columbarium or conversion of schools into hostels, and DOO should assist to expedite their approval. SDEV responded that DOO had made satisfactory progress during its first nine months of operation and had achieved the objectives as intended. Some members of LDAC were appointed from nominations of the respective professional bodies, and these members offered independent and impartial opinion on the proposals. SDEV did not consider that LDAC had hindered DOO's work, but rather, it had enriched the perspectives from which DOO examined the proposals. SDEV said that further improvement would be made to DOO's operation, but she expected that projects that would require a change in current policy such as environmental protection might pose problem, and it might take longer time to resolve the problems involved.

### **Land supply and property price**

21.12 Mr CHAN Kin-por said that the recent property market boom was caused by suspension of the regular land sales programme. He considered that the Administration must demonstrate efforts to sustain a steady and adequate supply of land, so as to send a clear signal to the market and hence stabilize property price. He asked if the Administration would resume regular land sales to increase land supply for small to medium-sized residential development. SDEV said that to optimize land supply, the Administration had identified six prime urban sites in the Application List for auction or tender if they were not triggered. The Application List system had proved to be effective in harnessing market force in the supply of housing units, as demonstrated by the fact that a 2.6 hectare site in Tung Chung Area 55B (one of the sites in the Application List), which could provide some 1 700 residential units, had just been triggered. To increase supply of small to medium-sized units, the Administration had designated for sale, outside of the Application List, a 1.2 hectare site in Yuen Long near the West Rail Long Ping Station. The site would be used for small or medium-sized residential flat development. SDEV further said that the Administration had short, medium and long-term measures in regulating land supply. Supply of residential accommodation would also be provided through lease modification and through development projects of the Urban Renewal Authority and the Mass



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Transit Railway (MTR) Corporation Limited.

### **Omission of floor numbers**

21.13 Dr PAN Pey-chyou was concerned that omission of floor numbers from buildings could mislead firemen, delay firefighting operations and endanger lives in case of fire or other emergencies. He asked if omission of floor numbers would be prohibited by legislation. SDEV said that BD was drafting proposed measures and would seek comments from the Fire Services Department and relevant bodies to address the concern. SDEV advised that omission of floor numbers such as those ended with "4" had existed for some time. The Director of Buildings, as the Building Authority, would issue Code of Practice advising developers not to skip floor numbers unduly. Developers would normally comply with the practice notes and statutory sanctions were not necessary. Traditional practice to omit floor numbers that ended with "4" could still be tolerated.

### **Sale of uncompleted flats**

21.14 Mr LEE Wing-tat expressed concerns about recent cases where there was suspected false transaction and price manipulation. He queried why the Lands Department (LandsD) had been particularly accommodating towards the developer of 39 Conduit Road, when the developer had failed to explain satisfactorily the reasons for the delay in completing the transactions of the 24 uncompleted units. Mr LEE said that LandsD should have taken more vigorous action than merely exchanging letters with the developer.

21.15 SDEV noted that matters related to sales of private residential flats as referred to by Mr LEE fell within the policy purview of the Transport and Housing Bureau (THB) and could have been raised at the session with the Secretary for Transport and Housing which was also attended by the Director of Lands (D of L). That said, she had no objection to D of L responding to Mr LEE's question at this session. D of L noted that Mr LEE was referring to the 24 flats sold at 39 Conduit Road under the Pre-sale Consent Scheme. She did not understand why Mr LEE considered that LandsD was "accommodating" towards the developer. The District Lands Officer/Hong Kong West and South (DLO/HKW&S) had been in communication with the developer on these 24 sales, after consulting THB and the legal advisers. DLO/HKW&S was taken aback by the information that the agreements with the purchasers to extend the time of completion were verbal. All Government's rights in the matter were expressly reserved in DLO/HKW&S's letters.

21.16 Mr LEE Wing-tat asked if D of L was empowered under the letter of

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consent for sale to initiate investigation, if there were reasons to believe that the developer had acted dishonestly or had manipulated the price in respect of the sale of uncompleted units. D of L said that a lease might provide that consent could be granted by D of L to the lessee for sale of the flats before the Certificate of Compliance was issued. The primary objective was to ensure that the lessee would have the capability to complete the flats in accordance with the lease provisions. The Consent Scheme also incorporated THB's requirements on the transparency of sale information and sale procedures, etc. The above-mentioned 24 flats at 39 Conduit Road were sold under the Consent Scheme and the assignments had yet to be completed and registered at the Land Registry. With regard to the communication between DLO/HKW&S and the developer on these 24 sales, LandsD had consulted THB and the legal advisers.

21.17 Mr LEE Wing-tat expressed concern that some developers provided dubious or misleading marketing information when a new development was launched. He asked if LandsD would raise queries with the developers regarding the publicized information. D of L said that requirements related to information transparency of the sale of private residential flats as stipulated in the Pre-sale Consent had reflected the advice of the policy bureau responsible for such subject matters. LandsD would continue to act in accordance with policy bureau's advice in future.

## Appendix I

### Programme of special meetings of Finance Committee to examine the Estimates 2010-2011 from 22 to 26 March 2010

<u>Session No.</u>	<u>Government Representative</u>	<u>Date</u>	<u>Time</u>
1.	Secretary for Constitutional and Mainland Affairs	22 March	8:30 am - 10:00 am
2.	Secretary for the Civil Service	22 March	10:05 am - 11:05 am
3.	Secretary for Financial Services and the Treasury <ul style="list-style-type: none"><li>• Financial Services</li></ul>	22 March	11:10 am - 12:25 pm
4.	Secretary for Financial Services and the Treasury <ul style="list-style-type: none"><li>• Public Finance</li></ul>	22 March	12:30 pm - 1:00 pm
5.	Secretary for Commerce and Economic Development <ul style="list-style-type: none"><li>• Commerce, Industry and Tourism</li></ul>	22 March	2:30 pm - 4:00 pm
6.	Secretary for Commerce and Economic Development <ul style="list-style-type: none"><li>• Communications and Technology</li></ul>	22 March	4:05 pm - 4:50 pm
7.	Secretary for the Environment	22 March	4:55 pm - 6:10 pm
8.	Secretary for Transport and Housing <ul style="list-style-type: none"><li>• Housing</li></ul>	23 March	2:15 pm - 3:30 pm
9.	Secretary for Transport and Housing <ul style="list-style-type: none"><li>• Transport</li></ul>	23 March	3:35 pm - 5:05 pm

<u>Session No.</u>	<u>Government Representative</u>	<u>Date</u>	<u>Time</u>
10.	Director of Administration Director of Audit Permanent Secretary to Chief Executive Commissioner, Independent Commission Against Corruption Secretary General, Legislative Council Secretariat The Ombudsman	23 March	5:10 pm - 6:10 pm
11.	Secretary for Food and Health <ul style="list-style-type: none"> <li>• Food Safety and Environmental Hygiene</li> </ul>	24 March	8:30 am - 10:00 am
12.	Secretary for Food and Health <ul style="list-style-type: none"> <li>• Health</li> </ul>	24 March	10:05 am - 11:50 am
13.	(i) Judiciary Administrator (ii) Secretary for Justice	24 March	11:55 am - 1:25 pm
14.	Secretary for Security	24 March	2:30 pm - 4:30 pm
15.	Secretary for Education	24 March	4:35 pm - 6:20 pm
16.	Secretary for Labour and Welfare <ul style="list-style-type: none"> <li>• Welfare and Women</li> </ul>	25 March	2:30 pm - 4:30 pm
17.	Secretary for Labour and Welfare <ul style="list-style-type: none"> <li>• Labour</li> </ul>	25 March	4:35 pm - 5:50 pm
18.	Secretary for Home Affairs	26 March	2:15 pm - 3:45 pm
19.	Secretary for Development <ul style="list-style-type: none"> <li>• Works</li> </ul>	26 March	3:50 pm - 5:20 pm
20.	Secretary for Development <ul style="list-style-type: none"> <li>• Planning and Lands</li> </ul>	26 March	5:25 pm - 6:40 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 Constitutional and Mainland Affairs	139	11	-
2.	Secretary for the Civil Service	46	-	2
3.	Secretary for Financial Services and the Treasury • Financial Services	62	-	2
4.	Secretary for Financial Services and the Treasury • Public Finance	101	1	-
5.	Secretary for Commerce and Economic Development • Commerce, Industry and Tourism	241	2	1
6.	Secretary for Commerce and Economic Development • Communications and Technology	148	7	1
7.	Secretary for the Environment	177	1	-
8.	Secretary for Transport and Housing • Housing	42	1	1
9.	Secretary for Transport and Housing • Transport	201	1	3

<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>
10.	Director of Administration	28	-	2
	Director of Audit	5	-	-
	Permanent Secretary to Chief Executive	5	-	1
	Commissioner, Independent Commission Against Corruption	12	-	1
	Secretary General, Legislative Council Secretariat	-	-	-
	The Ombudsman	1	-	-
11.	Secretary for Food and Health • Food Safety and Environmental Hygiene	155	-	1
12.	Secretary for Food and Health • Health	236	-	-
13.	(i) Judiciary Administrator	16	-	1
	(ii) Secretary for Justice	21	-	1
14.	Secretary for Security	183	12	-
15.	Secretary for Education	341	1	2
16.	Secretary for Labour and Welfare • Welfare and Women	321	7	3
17.	Secretary for Labour and Welfare • Labour	135	1	2
18.	Secretary for Home Affairs	232	5	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>
19.	Secretary for Development • Works	133	1	-
20.	Secretary for Development • Planning and Lands	213	1	-
	<b>Total :</b>	3194	52	25

**Attendance of members and public officers at the  
special meetings of the Finance Committee  
from 22 to 26 March 2010**

**Meeting held in the morning of 22 March 2010 (Sessions 1 - 4)  
8:30 am to 1:00 pm  
Legislative Council Chamber**

**Members present:**

Hon Emily LAU Wai-hing, JP (Chairman)  
Prof Hon Patrick LAU Sau-shing, SBS, JP (Deputy Chairman)  
Hon Albert HO Chun-yan  
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP  
Hon LEE Cheuk-yan  
Dr Hon Margaret NG  
Hon CHEUNG Man-kwong  
Hon CHAN Kam-lam, SBS, JP  
Hon LAU Kong-wah, JP  
Hon Miriam LAU Kin-yee, GBS, JP  
Hon Andrew CHENG Kar-foo  
Hon TAM Yiu-chung, GBS, 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, SBS, JP  
Hon Jeffrey LAM Kin-fung, SBS, JP  
Hon Andrew LEUNG Kwan-yuen, SBS, JP  
Hon CHEUNG Hok-ming, GBS, JP  
Hon WONG Ting-kwong, BBS, JP  
Hon Ronny TONG Ka-wah, SC  
Hon KAM Nai-wai, MH  
Hon Cyd HO Sau-lan  
Hon Starry LEE Wai-king  
Dr Hon LAM Tai-fai, BBS, JP  
Hon Paul CHAN Mo-po, MH, JP  
Hon CHAN Kin-por, JP  
Hon CHEUNG Kwok-che  
Hon IP Wai-ming, MH  
Hon IP Kwok-him, GBS, JP



Dr Hon PAN Pey-chyou  
Hon Paul TSE Wai-chun  
Dr Hon Samson TAM Wai-ho, JP

**Public officers attending:**

Ms Bernadette LINN, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) <sup>1</sup>
Ms Elsie YUEN	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)

Session 1 - Constitutional and Mainland Affairs

Mr Stephen LAM, SBS, JP	Secretary for Constitutional and Mainland Affairs
Miss Adeline WONG, JP	Under 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, JP	Deputy Secretary for Constitutional and Mainland Affairs (2)
Ms Joyce HO	Administrative Assistant to Secretary for Constitutional and Mainland Affairs
Ms Angela HO	Chief Executive Officer (Constitutional and Mainland Affairs)
Mrs Vivian TING	Chief Electoral Officer
Mr Thomas TSO, JP	Director, Beijing Office
Mr Rex CHANG	Director, Hong Kong Economic and Trade Affairs, Guangdong
Mr Patrick CHAN, JP	Director, Hong Kong Economic and Trade Affairs, Shanghai
Mr Eddie POON	Director, Hong Kong Economic and Trade Affairs, Chengdu
Mr William W L CHAN	Chief Executive Officer (Licensing), Television and Entertainment Licensing Authority

Session 2 – Civil Service

Miss Denise YUE, GBS, JP	Secretary for the Civil Service
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Mr Andrew WONG, JP	Permanent Secretary for the Civil Service
Mrs Ingrid YEUNG, JP	Deputy Secretary for the Civil Service (1)
Mr Brian LO	Deputy Secretary for the Civil Service (2)
Mrs Agnes ALLCOCK, JP	Deputy Secretary for the Civil Service (3)
Mr LI Pak-hong	Principal Executive Officer (Management), Civil Service Bureau
Mr Patrick CHAN, JP	Director of General Grades
Mrs Margaret CHAN, JP	Secretary, Public Service Commission
Mr LI Kwok-tso, JP	Director of Accounting Services
Mr Patrick LI	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

### Session 3 – Financial Services

Prof K C CHAN, SBS, JP	Secretary for Financial Services and the Treasury
Ms Julia LEUNG, JP	Under Secretary for Financial Services and the Treasury
Miss AU King-chi, JP	Permanent Secretary for Financial Services and the Treasury (Financial Services)
Mr CHENG Yan-chee, JP	Deputy Secretary for Financial Services and the Treasury (Financial Services) 1
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
Ms Jessie WONG	Administrative Assistant to Secretary for Financial Services and the Treasury
Miss Terie TAM	Chief Executive Officer (Financial Services)
Ms Annie CHOI, JP	Commissioner of Insurance
Mr FUNG Hing-wang, JP	Commissioner for Census and Statistics
Mr Edward Thomas O'CONNELL	Official Receiver
Ms Ada CHUNG	Registrar of Companies
Miss Carmen CHU	Executive Director (External), Hong Kong Monetary Authority

Session 4 – Public Finance

Prof 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
Ms Doris HO	Deputy Secretary for Financial Services and the Treasury (Treasury) 3
Ms Jessie WONG	Administrative Assistant to Secretary for Financial Services and the Treasury
Ms Shirley LAU, JP	Principal Assistant Secretary for Financial Services and the Treasury (Treasury) (H)
Mr CHU Yam-yuen, JP	Commissioner of Inland Revenue
Mr LI Kwok-tso, JP	Director of Accounting Services
Mrs Mimi BROWN, JP	Commissioner of Rating and Valuation
Miss CHEUNG Siu-hing	Director of Government Logistics
Mr KWOK Ka-keung, JP	Government Property Administrator
Mrs Marigold LAU, JP	Director of Architectural Services
Mr FONG Siu-wai	Assistant Director of Architectural Services (Property Services)
Mr Richard YUEN, JP	Commissioner of Customs and Excise

**Clerk in attendance:**

Mrs Constance LI	Assistant Secretary General 1
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**Staff in attendance:**

Ms Anita SIT	Chief Council Secretary (1)5
Ms Joanne MAK	Chief Council Secretary (1)2
Mr Noel SUNG	Senior Council Secretary (1)5
Mr Fred PANG	Council Secretary (1)5

**Attendance of members and public officers at the  
special meetings of the Finance Committee  
from 22 to 26 March 2010**

**Meeting held in the afternoon of 22 March 2010 (Sessions 5 - 7)  
2:30 pm to 6:10 pm  
Legislative Council Chamber**

**Members present:**

Hon Emily LAU Wai-hing, JP (Chairman)  
Prof Hon Patrick LAU Sau-shing, SBS, JP (Deputy Chairman)  
Hon Albert HO Chun-yan  
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP  
Hon Fred LI Wah-ming, SBS, JP  
Hon James TO Kun-sun  
Hon CHEUNG Man-kwong  
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP  
Hon Miriam LAU Kin-yea, GBS, JP  
Hon Andrew CHENG Kar-foo  
Hon TAM Yiu-chung, GBS, JP  
Hon Tommy CHEUNG Yu-yan, SBS, JP  
Hon Audrey EU Yuet-mee, SC, JP  
Hon Vincent FANG Kang, SBS, JP  
Hon WONG Kwok-hing, MH  
Hon LEE Wing-tat  
Dr Hon Joseph LEE Kok-long, SBS, JP  
Hon Jeffrey LAM Kin-fung, SBS, JP  
Hon Andrew LEUNG Kwan-yuen, SBS, JP  
Hon WONG Ting-kwong, BBS, JP  
Hon Ronny TONG Ka-wah, SC  
Hon CHIM Pui-chung  
Hon KAM Nai-wai, MH  
Hon Cyd HO Sau-lan  
Hon Starry LEE Wai-king  
Dr Hon LAM Tai-fai, BBS, JP  
Hon CHAN Hak-kan  
Hon Paul CHAN Mo-po, MH, JP  
Hon CHAN Kin-por, JP  
Hon WONG Kwok-kin, BBS  
Hon IP Wai-ming, MH  
Hon IP Kwok-him, GBS, JP

Dr Hon PAN Pey-chyou  
Hon Paul TSE Wai-chun  
Dr Hon Samson TAM Wai-ho, JP

**Public officers attending:**

Ms Bernadette LINN, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)1
Ms Elsie YUEN	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)

Session 5 – Commerce, Industry and Tourism

Mrs Rita LAU, JP	Secretary for Commerce and Economic Development
Mr Gregory SO, JP	Under Secretary for Commerce and Economic Development
Miss Yvonne CHOI, JP	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and 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 Linda SO, JP	Deputy Secretary for Commerce and Economic Development (Commerce and Industry) 3
Mr Philip YUNG, JP	Commissioner for Tourism
Ms Maria KWAN, JP	Director-General of Trade and Industry
Mr Stephen SELBY, JP	Director of Intellectual Property
Mr Richard YUEN, JP	Commissioner of Customs and Excise
Mr Simon Kennedy GALPIN	Director-General of Investment Promotion
Dr LEE Boon-ying, JP	Director of the Hong Kong Observatory
Mr Clement CHEUNG, JP	Postmaster General
Mr Anthony LAU	Executive Director, Hong Kong Tourism Board

## Session 6 – Communications and Technology

Mrs Rita LAU, JP	Secretary for Commerce and Economic Development
Mr Gregory SO, JP	Under Secretary for Commerce and Economic Development
Mr Duncan PESCOD, 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)
Miss Janet WONG, JP	Commissioner for Innovation and Technology
Mr GODFREY Jeremy R	Government Chief Information Officer
Mrs Marion LAI, JP	Director-General of Telecommunications
Mr Franklin WONG	Director of Broadcasting
Mr Vincent LIU, JP	Commissioner for Television and Entertainment Licensing

## Session 7 – 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
Mr Eric CHAN	Administrative Assistant to Secretary for the Environment
Mr Benny WONG, JP	Deputy Director of Environmental Protection (1)
Mr Albert LAM, JP	Deputy Director of Environmental Protection (2)
Mr Carlson CHAN	Deputy Director of Environmental Protection (3)
Mr Alan WONG, JP	Director of Agriculture, Fisheries and Conservation
Mr John CHAI, JP	Director of Civil Engineering and Development
Mr LAU Ka-keung, JP	Director of Drainage Services
Mr Stephen CHAN, JP	Director of Electrical and Mechanical Services

**Clerk in attendance:**

Mrs Constance LI

Assistant Secretary General 1

**Staff in attendance:**

Miss Becky YU

Ms YUE Tin-po

Ms Anita SIT

Mrs Mary TANG

Ms Annette LAM

Miss Joanne FONG

Chief Council Secretary (1)1

Chief Council Secretary (1)3

Chief Council Secretary (1)5

Senior Council Secretary (1)2

Senior Council Secretary (1)3

Senior Council Secretary (1)7

**Attendance of members and public officers at the  
special meetings of the Finance Committee  
from 22 to 26 March 2010**

**Meeting held in the afternoon of 23 March 2010 (Sessions 8 - 10)  
2:15 pm to 6:10 pm  
Legislative Council Chamber**

**Members present:**

Hon Emily LAU Wai-hing, JP (Chairman)  
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP  
Hon LEE Cheuk-yan  
Hon Fred LI Wah-ming, SBS, JP  
Dr Hon Margaret NG  
Hon James TO Kun-sun  
Hon CHEUNG Man-kwong  
Hon CHAN Kam-lam, SBS, JP  
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP  
Hon LEUNG Yiu-chung  
Hon LAU Kong-wah, JP  
Hon Miriam LAU Kin-yee, GBS, JP  
Hon Andrew CHENG Kar-foo  
Hon TAM Yiu-chung, GBS, JP  
Hon LI Fung-ying, BBS, JP  
Hon Tommy CHEUNG Yu-yan, SBS, JP  
Hon Vincent FANG Kang, SBS, JP  
Hon WONG Kwok-hing, MH  
Hon LEE Wing-tat  
Dr Hon Joseph LEE Kok-long, SBS, JP  
Hon Andrew LEUNG Kwan-yuen, SBS, JP  
Hon CHEUNG Hok-ming, GBS, JP  
Hon WONG Ting-kwong, BBS, JP  
Hon Ronny TONG Ka-wah, SC  
Hon CHIM Pui-chung  
Hon KAM Nai-wai, MH  
Hon Starry LEE Wai-king  
Hon CHAN Hak-kan  
Hon Paul CHAN Mo-po, MH, JP  
Hon CHAN Kin-por, JP  
Dr Hon Priscilla LEUNG Mei-fun  
Hon WONG Kwok-kin, BBS



Hon IP Wai-ming, MH  
Dr Hon Samson TAM Wai-ho, JP

**Public officers attending:**

Ms Bernadette LINN, JP

Deputy Secretary for Financial Services  
and the Treasury (Treasury)1

Session 8 - Housing

Ms Eva CHENG, JP

Secretary for Transport and Housing

Mr YAU Shing-mu, JP

Under Secretary for Transport and  
Housing

Mr Thomas CHAN, JP

Permanent Secretary for Transport and  
Housing (Housing) / Director of  
Housing

Ms Annette LEE, JP

Deputy Secretary for Transport and  
Housing (Housing)

Mr Joe WONG, JP

Deputy Director of Housing (Corporate  
Services)

Ms Ada FUNG, JP

Deputy Director of Housing  
(Development and Construction)

Mr Albert LEE, JP

Deputy Director of Housing (Estate  
Management)

Mr HO Sau-him

Assistant Director of Housing  
(Independent Checking Unit)

Miss Annie TAM, JP

Director of Lands

Mr AU Choi-kai, JP

Director of Buildings

Session 9 - Transport

Ms Eva CHENG, JP

Secretary for Transport and Housing

Mr YAU Shing-mu, JP

Under Secretary for Transport and  
Housing

Mr Francis HO, JP

Permanent Secretary for Transport and  
Housing (Transport)

Ms Maisie CHENG, JP

Deputy Secretary for Transport and  
Housing (Transport) 1

Miss Shirley YUEN, JP

Deputy Secretary for Transport and  
Housing (Transport) 2

Mr Alan CHU

Deputy Secretary for Transport and  
Housing (Transport) 3

Mr Esmond LEE, JP	Deputy Secretary for Transport and Housing (Transport) 4
Ms Doris CHEUNG, JP	Deputy Secretary for Transport and Housing (Transport) 5
Mr Joseph LAI, JP	Commissioner for Transport
Mr WAI Chi-sing, JP	Director of Highways
Mr Roger TUPPER, JP	Director of Marine
Mr Norman LO, AE, JP	Director-General of Civil Aviation

Session 10 – Central Administration and Other Services

Miss Jennifer MAK, JP	Director of Administration
Mr Robin IP, JP	Deputy Head, Central Policy Unit
Mrs Helen CHAN, JP	Government Economist
Mr Kim SALKELD, JP	Head, Efficiency Unit
Mr Wilfred WU	Principal Executive Officer (Administration), Administration Wing
Mr Benjamin TANG, JP	Director of Audit
Ms Harriet WONG	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
Mrs WONG CHEUK Wai-kuen	Assistant Director (Administration), Independent Commission Against Corruption
Ms Pauline NG	Secretary General, Legislative Council Secretariat
Mr Andy LAU	Principal Council Secretary (Administration), Legislative Council Secretariat
Mr Alan LAI, GBS, JP	Ombudsman
Mr MOK Yun-chuen	Chief Manager, Office of The Ombudsman

**Clerk in attendance:**

Mrs Constance LI

Assistant Secretary General 1

**Staff in attendance:**

Miss Becky YU

Ms Joanne MAK

Ms Anita SIT

Mrs Mary TANG

Ms Sarah YUEN

Mr Fred PANG

Chief Council Secretary (1)1

Chief Council Secretary (1)2

Chief Council Secretary (1)5

Senior Council Secretary (1)2

Senior Council Secretary (1)6

Council Secretary (1)5

**Attendance of members and public officers at the  
special meetings of the Finance Committee  
from 22 to 26 March 2010**

**Meeting held in the morning of 24 March 2010 (Sessions 11 - 13)  
8:30 am to 1:25 pm  
Legislative Council Chamber**

**Members present:**

Hon Emily LAU Wai-hing, JP (Chairman)  
Hon Albert HO Chun-yan  
Hon Fred LI Wah-ming, SBS, JP  
Dr Hon Margaret NG  
Hon James TO Kun-sun  
Hon CHEUNG Man-kwong  
Hon LEUNG Yiu-chung  
Hon WONG Yung-kan, SBS, JP  
Hon LAU Kong-wah, JP  
Hon Miriam LAU Kin-ye, GBS, JP  
Hon Andrew CHENG Kar-foo  
Hon TAM Yiu-chung, GBS, 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, SBS, JP  
Hon WONG Kwok-hing, MH  
Dr Hon Joseph LEE Kok-long, SBS, JP  
Hon Jeffrey LAM Kin-fung, SBS, JP  
Hon Andrew LEUNG Kwan-yuen, SBS, JP  
Hon KAM Nai-wai, MH  
Hon Cyd HO Sau-lan  
Hon CHAN Hak-kan  
Hon Paul CHAN Mo-po, MH, JP  
Hon CHAN Kin-por, JP  
Dr Hon Priscilla LEUNG Mei-fun  
Dr Hon LEUNG Ka-lau  
Hon CHEUNG Kwok-che  
Hon IP Wai-ming, MH  
Dr Hon PAN Pey-chyou  
Hon Paul TSE Wai-chun

**Public officers attending:**

Ms Bernadette LINN, JP

Deputy Secretary for Financial Services  
and the Treasury (Treasury)<sup>1</sup>

Session 11 – Food Safety and Environmental Hygiene

Dr York CHOW, GBS, JP

Secretary for Food and Health

Prof Gabriel LEUNG, JP

Under Secretary for Food and Health

Ms Kitty CHOI, JP

Permanent Secretary for Food and  
Health (Food) (Acting)

Mr KONG Kai-wah

Head, Resource Management and  
Administration, Food and Health Bureau  
Director of Food and Environmental  
Hygiene

Mr CHEUK Wing-hing, JP

Controller, Centre for Food Safety, Food  
and Environmental Hygiene Department  
Director of Agriculture, Fisheries and  
Conservation

Dr Constance CHAN, JP

Government Chemist (Acting)

Mr Alan WONG, JP

Dr LAU Chau-ming

Session 12 – Health

Dr York CHOW, GBS, JP

Secretary for Food and Health

Prof Gabriel LEUNG, JP

Under Secretary for Food and Health

Ms Sandra LEE, JP

Permanent Secretary for Food and  
Health (Health)

Mr KONG Kai-wah

Head, Resource Management and  
Administration, Food and Health Bureau  
Director of Health

Dr LAM Ping-yan, JP

Deputy Director of Health

Dr Gloria TAM, JP

Chief Executive, Hospital Authority

Mr Shane SOLOMON

Government Chemist (Acting)

Dr LAU Chau-ming

Session 13 - Judiciary Administration and Legal Administration

Miss Emma LAU, JP

Judiciary Administrator

Mr Arthur NG, JP

Deputy Judiciary Administrator  
(Operations)

Mrs Angela LO

Assistant Judiciary Administrator  
(Corporate Services)

Mr WONG Yan-lung, SC, JP

Secretary for Justice

Miss Susie HO, JP

Director of Administration and  
Development, Department of Justice

Mr Ian WINGFIELD, GBS, JP  
Mr Eamonn MORAN, PSM, QC, JP  
Mr Kevin ZERVOS, SC

Solicitor General  
Law Draftsman, Department of Justice  
Deputy Director of Public Prosecutions,  
Department of Justice

**Clerk in attendance:**

Mrs Constance LI

Assistant Secretary General 1

**Staff in attendance:**

Ms Anita SIT  
Ms Debbie YAU  
Miss Joanne FONG  
Mr Fred PANG  
Mr Simon CHEUNG

Chief Council Secretary (1)5  
Chief Council Secretary (1)6  
Senior Council Secretary (1)7  
Council Secretary (1)5  
Council Secretary (1)7

**Attendance of members and public officers at the  
special meetings of the Finance Committee  
from 22 to 26 March 2010**

**Meeting held in the afternoon of 24 March 2010 (Sessions 14 - 15)  
2:30 pm to 6:20 pm  
Legislative Council Chamber**

**Members present:**

Hon Emily LAU Wai-hing, JP (Chairman)  
Prof Hon Patrick LAU Sau-shing, SBS, JP (Deputy Chairman)  
Hon Albert HO Chun-yan  
Hon LEE Cheuk-yan  
Dr Hon Margaret NG  
Hon James TO Kun-sun  
Hon CHEUNG Man-kwong  
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP  
Hon LAU Kong-wah, JP  
Hon LAU Wong-fat, GBM, GBS, JP  
Hon Timothy FOK Tsun-ting, GBS, JP  
Hon TAM Yiu-chung, GBS, JP  
Hon LI Fung-ying, BBS, JP  
Hon Audrey EU Yuet-mee, SC, JP  
Hon Vincent FANG Kang, SBS, JP  
Hon WONG Kwok-hing, MH  
Hon LEE Wing-tat  
Hon Jeffrey LAM Kin-fung, SBS, JP  
Hon Andrew LEUNG Kwan-yuen, SBS, JP  
Hon CHIM Pui-chung  
Hon KAM Nai-wai, MH  
Hon Cyd HO Sau-lan  
Hon Starry LEE Wai-king  
Dr Hon LAM Tai-fai, BBS, JP  
Hon CHAN Hak-kan  
Hon Paul CHAN Mo-po, MH, JP  
Hon CHAN Kin-por, JP  
Dr Hon Priscilla LEUNG Mei-fun  
Hon CHEUNG Kwok-che  
Hon WONG Sing-chi  
Hon WONG Kwok-kin, BBS  
Hon IP Kwok-him, GBS, JP

Hon Paul TSE Wai-chun  
Dr Hon Samson TAM Wai-ho, JP

**Public officers attending:**

Ms Bernadette LINN, JP

Deputy Secretary for Financial Services  
and the Treasury (Treasury)<sup>1</sup>

Session 14 – Security

Mr Ambrose LEE, GBS, IDSM, JP  
Mr LAI Tung-kwok, SBS, IDSM, JP  
Ms CHANG King-yiu, JP  
Mr YUE Fung-lin

Secretary for Security  
Under Secretary for Security  
Permanent Secretary for Security  
Principal Management Services Officer  
(Security), Security Bureau  
Commissioner of Police  
Director of Immigration  
Director of Fire Services  
Commissioner of Correctional Services  
Commissioner of Customs and Excise  
Controller, Government Flying Service

Mr TANG King-shing, PDSM  
Mr PEH Yun-lu, IDSM  
Mr Gregory LO, FSDSM  
Mr KWOK Leung-ming, CSDSM  
Mr Richard YUEN, JP  
Captain Michael CHAN, MBS,  
GMSM, AE  
Mr LIU Chi-keung  
Dr CHAN Yiu-wing

Chief Staff Officer, Civil Aid Service  
Chief Staff Officer, Auxiliary Medical  
Service

Mrs Philomena LEUNG

Secretary-General, Independent Police  
Complaints Council

Miss CHENG Wai-fung

Secretary, Secretariat, Commissioner on  
Interception of Communications and  
Surveillance

Mr Norman LO, AE, JP  
Ms Sally WONG, JP

Director-General of Civil Aviation  
Commissioner for Narcotics

Session 15 - Education

Mr Michael SUEN, GBS, JP  
Mr Kenneth CHEN, JP  
Mr Raymond WONG, JP  
Ms Michelle LI, JP  
Ms Mable CHAN, JP  
Mrs Betty IP  
Mrs Michelle WONG  
Dr Catherine CHAN  
Ms Esther LEUNG, JP

Secretary for Education  
Under Secretary for Education  
Permanent Secretary for Education  
Deputy Secretary for Education (1)  
Deputy Secretary for Education (2)  
Deputy Secretary for Education (3)  
Deputy Secretary for Education (4)  
Deputy Secretary for Education (5)  
Deputy Secretary for Education (6)



Ms Priscilla TO	Administrative Assistant to the Secretary for Education
Mr Jeremy YOUNG	Political Assistant to the Secretary for Education
Mrs Lily TSANG, JP	Principal Assistant Secretary for Education (Finance)
Mr Michael STONE, JP	Secretary-General, University Grants Committee
Dr Carrie WILLIS, SBS, JP	Executive Director, Vocational Training Council
Ms Nancy SO	Controller, Student Financial Assistance Agency

**Clerk in attendance:**

Mrs Constance LI	Assistant Secretary General 1
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**Staff in attendance:**

Ms Joanne MAK	Chief Council Secretary (1)2
Ms Debbie YAU	Chief Council Secretary (1)6
Ms Angel SHEK	Senior Council Secretary (1)1
Miss Joanne FONG	Senior Council Secretary (1)7
Mr Ken WOO	Council Secretary (1)2

**Attendance of members and public officers at the  
special meetings of the Finance Committee  
from 22 to 26 March 2010**

**Meeting held in the afternoon of 25 March 2010 (Sessions 16 - 17)  
2:30 pm to 5:50 pm  
Legislative Council Chamber**

**Members present:**

Hon Emily LAU Wai-hing, JP (Chairman)  
Hon LEE Cheuk-yan  
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP  
Hon LAU Kong-wah, JP  
Hon Andrew CHENG Kar-foo  
Hon TAM Yiu-chung, GBS, JP  
Hon LI Fung-ying, BBS, JP  
Hon Tommy CHEUNG Yu-yan, SBS, JP  
Hon Frederick FUNG Kin-kee, SBS, JP  
Hon Vincent FANG Kang, SBS, JP  
Hon WONG Kwok-hing, MH  
Hon LEE Wing-tat  
Dr Hon Joseph LEE Kok-long, SBS, JP  
Hon Jeffrey LAM Kin-fung, SBS, JP  
Hon Andrew LEUNG Kwan-yuen, SBS, JP  
Hon Ronny TONG Ka-wah, SC  
Hon CHIM Pui-chung  
Hon KAM Nai-wai, MH  
Hon Cyd HO Sau-lan  
Dr Hon LAM Tai-fai, BBS, JP  
Hon CHAN Kin-por, JP  
Dr Hon Priscilla LEUNG Mei-fun  
Hon CHEUNG Kwok-che  
Hon WONG Sing-chi  
Hon WONG Kwok-kin, BBS  
Hon IP Wai-ming, MH  
Hon IP Kwok-him, GBS, JP  
Dr Hon PAN Pey-chyou

**Public officers attending:**

Ms Bernadette LINN, JP

Deputy Secretary for Financial Services  
and the Treasury (Treasury)1

Session 16 - Welfare and Women

Mr Matthew CHEUNG, GBS, JP  
Mr Paul TANG, JP

Secretary for Labour and Welfare  
Permanent Secretary for Labour and  
Welfare

Miss Eliza LEE, JP

Deputy Secretary for Labour and  
Welfare (Welfare) 1

Ms Irene YOUNG

Deputy Secretary for Labour and  
Welfare (Welfare) 2

Mr Tony LI

Administrative Assistant to the Secretary  
for Labour and Welfare

Ms Zandra MOK

Political Assistant to the Secretary for  
Labour and Welfare

Mr Patrick NIP, JP  
Mr CHEUNG Hing-wah

Director of Social Welfare  
Deputy Director of Social Welfare  
(Services)

Mr FUNG Pak-yan

Deputy Director of Social Welfare  
(Administration)

Mr Joseph LAI, JP  
Mr Don HO, JP

Commissioner for Transport  
Assistant Commissioner for Transport  
(Management and Paratransit)

Session 17 - Labour

Mr Matthew CHEUNG, GBS, JP  
Mr Paul TANG, JP

Secretary for Labour and Welfare  
Permanent Secretary for Labour and  
Welfare

Mr Tony LI

Administrative Assistant to the  
Secretary for Labour and Welfare

Ms Zandra MOK

Political Assistant to the Secretary for  
Labour and Welfare

Mrs Cherry TSE, JP  
Mr Alan WONG, JP

Commissioner for Labour  
Deputy Commissioner for Labour  
(Labour Administration)

Mrs Erika HUI, JP

Deputy Commissioner for Labour  
(Occupational Safety and Health)

Mr Stanley NG, JP

Assistant Commissioner for Labour  
(Employment Services)

**Clerk in attendance:**

Mrs Constance LI

Assistant Secretary General 1

**Staff in attendance:**

Miss Becky YU

Chief Council Secretary (1)1

Ms YUE Tin-po

Chief Council Secretary (1)3

Mr Franco KWONG

Council Secretary (1)1

Mr Joey LO

Council Secretary (1)3

Mr Fred PANG

Council Secretary (1)5

**Attendance of members and public officers at the  
special meetings of the Finance Committee  
from 22 to 26 March 2010**

**Meeting held in the afternoon of 26 March 2010 (Sessions 18 - 20)  
2:15 pm to 6:40 pm  
Legislative Council Chamber**

**Members present:**

Hon Emily LAU Wai-hing, JP (Chairman)  
Prof Hon Patrick LAU Sau-shing, SBS, JP (Deputy Chairman)  
Hon Albert HO Chun-yan  
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP  
Dr Hon Margaret NG  
Hon James TO Kun-sun  
Hon CHEUNG Man-kwong  
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP  
Hon LAU Kong-wah, JP  
Hon Miriam LAU Kin-yee, GBS, JP  
Hon TAM Yiu-chung, GBS, JP  
Hon LI Fung-ying, BBS, JP  
Hon Audrey EU Yuet-mee, SC, JP  
Hon WONG Kwok-hing, MH  
Hon LEE Wing-tat  
Dr Hon Joseph LEE Kok-long, SBS, JP  
Hon Jeffrey LAM Kin-fung, SBS, JP  
Hon Andrew LEUNG Kwan-yuen, SBS, JP  
Hon CHEUNG Hok-ming, GBS, JP  
Hon KAM Nai-wai, MH  
Hon Cyd HO Sau-lan  
Hon Starry LEE Wai-king  
Dr Hon LAM Tai-fai, BBS, JP  
Hon CHAN Hak-kan  
Hon Paul CHAN Mo-po, MH, JP  
Hon CHAN Kin-por, JP  
Dr Hon Priscilla LEUNG Mei-fun  
Hon CHEUNG Kwok-che  
Hon WONG Sing-chi  
Hon WONG Kwok-kin, BBS  
Hon IP Wai-ming, MH  
Hon IP Kwok-him, GBS, JP  
Dr Hon PAN Pey-chyou

Hon Paul TSE Wai-chun  
Dr Hon Samson TAM Wai-ho, JP

**Public officers attending:**

Ms Bernadette LINN, JP

Deputy Secretary for Financial Services  
and the Treasury (Treasury)1

Session 18 – Home Affairs

Mr TSANG Tak-sing, JP

Secretary for Home Affairs

Ms Florence HUI, JP

Under Secretary for Home Affairs

Mr Raymond YOUNG, JP

Permanent Secretary for Home Affairs

Mrs Pamela TAN, JP

Director of Home Affairs

Mrs Betty FUNG, JP

Director of Leisure and Cultural  
Services

Mr Michael WONG, JP

Director of Information Services

Mr William H P CHAN

Director of Legal Aid

Mr Stephen CHAN, JP

Director of Electrical and Mechanical  
Services

Mr FUNG Man-lok

Assistant Director of Social Welfare  
(Youth and Corrections)

Mr William W L CHAN

Chief Executive Officer (Licensing),  
Television and Entertainment Licensing  
Authority

Session 19 – Works

Mrs Carrie LAM, JP

Secretary for Development

Mr MAK Chai-kwong, JP

Permanent Secretary for Development  
(Works)

Mrs Jessie TING, JP

Deputy Secretary for Development  
(Works) 1

Mr Enoch LAM, JP

Deputy Secretary for Development  
(Works) 2

Mrs Marigold LAU, JP

Director of Architectural Services

Mr John CHAI, JP

Director of Civil Engineering and  
Development

Mr Peter LAU, JP

Director of Drainage Services

Mr Stephen CHAN, JP

Director of Electrical and Mechanical  
Services

Mr MA Lee-tak, JP

Director of Water Supplies

Mr WAI Chi-sing, JP

Director of Highways

Mrs Betty FUNG, JP

Director of Leisure and Cultural Services

Session 20 - Planning and Lands

Mrs Carrie LAM, JP  
Mr Thomas CHOW, JP

Secretary for Development  
Permanent Secretary for Development  
(Planning and Lands)

Ms Gracie FOO, JP

Deputy Secretary for Development  
(Planning and Lands) 1

Mr Tommy YUEN, JP

Deputy Secretary for Development  
(Planning and Lands) 2

Miss Annie TAM, JP

Director of Lands

Mrs Ava NG, JP

Director of Planning

Mr AU Choi-kai, JP

Director of Buildings

Mr Laurie LO

Head of Development Opportunities  
Office

**Clerk in attendance:**

Mrs Constance LI

Assistant Secretary General 1

**Staff in attendance:**

Mr WONG Siu-yee

Chief Council Secretary (1)4

Ms Anita SIT

Chief Council Secretary (1)5

Mr Daniel SIN

Senior Council Secretary (1)5

Miss Joanne FONG

Senior Council Secretary (1)7

Mr Simon CHEUNG

Council Secretary (1)7

**Presentation by Secretary for Constitutional and Mainland Affairs  
at the Special Meeting of the Finance Committee  
on Monday, 22 March 2010**

Madam Chairman,

I wish to brief Members on the financial estimates of the Constitutional and Mainland Affairs Bureau (CMAB) in 2010-11 and our work priorities in the coming year.

**Estimates of Expenditure of CMAB**

2. In 2010-11, CMAB is allocated \$569.7 million, which is about 36% higher than the revised estimates for 2009-10.

3. The estimated increase mainly caters for the provision of funding for the following items –

- (a) matters relating to the HKSAR's participation in the World Exposition 2010 Shanghai China (World Expo 2010);
- (b) enhancing further co-operation and exchanges with Taiwan;
- (c) strengthening economic co-operation with Shenzhen;
- (d) enhancing the provision of support services for ethnic minorities;
- (e) additional subvention for further strengthening the manpower of the Equal Opportunities Commission (EOC) for implementation of the Race Discrimination Ordinance (RDO), creation of the position of the Chief Operations Officer to enhance the administration and governance of the EOC; and
- (f) additional subvention for strengthening the manpower of the Office of the Privacy Commissioner for Personal Data (PCPD) to enhance enforcement and promotional work.

4. The amount of allocation to the World Expo 2010 and the support services for ethnic minorities is about \$200 million. This takes up the majority of additional resources allocated.



## **Mainland Affairs**

### Hong Kong-Guangdong co-operation

5. On Hong Kong-Guangdong co-operation, the HKSAR Government is drawing up a framework agreement for Hong Kong-Guangdong co-operation and formulating regional co-operation plans on specialised topics, with a view to further enhancing co-operation between Hong Kong and Guangdong. Work relating to the framework agreement has been progressing well, and we believe that the agreement can be signed with Guangdong in the near future. The framework agreement will serve as an agenda for Hong Kong-Guangdong co-operation, laying a foundation for both parties to seek to incorporate the initiatives relating to Hong Kong-Guangdong co-operation into the National 12<sup>th</sup> Five-year Plan.

6. As for the development of Qianhai in Shenzhen for the cooperation of modern services industries, the current consensus is for the Shenzhen Municipal Government to take up the leading role, and be responsible for the development and management of the Qianhai area, while the HKSAR Government will provide comments on the study and formulation of issues such as development planning and policies. A joint expert group has been established to closely follow up on the specific co-operation direction and content.

### To complement the preparation of the National 12<sup>th</sup> Five-Year Plan

7. As regards the support to the preparation of the National 12<sup>th</sup> Five-Year Plan, the HKSAR Government has been maintaining close liaison with the National Development and Reform Commission (NDRC) since the establishment of direct working relationship in 2008. In May 2009 and January 2010, the HKSAR Government delegation met with the NDRC in Beijing to discuss our complementary work relating to the Plan. Representatives of the NDRC and Hong Kong and Macao Affairs Office of the State Council also visited Hong Kong in September last year to have direct exchanges with the relevant bureaux.

### World Expo 2010

8. The World Expo 2010 will be opened in May. HKSAR will participate actively in the event. Apart from building the Hong Kong Pavilion and holding a dedicated exhibition in the Urban Best Practices Area, during the Expo period, we will organise 20 performing arts programmes and two visual art exhibitions at Expo site venues and other performing arts venues. Different themes will also be adopted for each month in organizing events and activities to promote Hong Kong. In addition, we have also participated in the “Expo Shanghai Online” to stage our exhibitions online. The works on various fronts are basically ready. There is only 39 days left before the opening of the Expo. We will continue to strive to achieve the best in our participation.

9. The total estimated expenditure for HKSAR's participation in the World Expo is about \$346 million, of which about \$145 million is the project cost for the design and construction of the Hong Kong Pavilion. The remaining \$201 million is the operating expenditure for the Hong Kong Pavilion, UBPA exhibition and other relevant activities. In 2010-11, the estimated operating expenditure is about \$160 million.

#### HKSAR's work in support of reconstruction in the Sichuan earthquake stricken areas

10. On the support for reconstruction in the Sichuan earthquake stricken areas, HKSAR's reconstruction support projects are progressively advancing to the construction stage. We, together with the Development Bureau, will continue to liaise closely with the relevant Sichuan counterparts, and monitor the progress of projects and the use of funds to ensure the proper use of resources. We will also continue to coordinate cross-bureau efforts in these areas.

#### Mainland Offices

11. In 2010-11, the financial provision for Mainland Offices is \$122 million, representing an increase of 6% compared with the revised estimate for 2009-10.

12. A new Shenzhen Liaison Unit will be set up under the Hong Kong Economic and Trade Office in Guangdong. The Unit will be tasked to deal with the increasing workload flowing from closer Hong Kong-Guangdong and Hong Kong-Shenzhen cooperation. The Unit is expected to commence operation in the second quarter this year.

#### Taiwan-related Matters

13. In the past year, we introduced various measures to foster exchanges between Hong Kong and Taiwan and thereby enhancing the relations and interaction between the two places. In the coming year, we will increase the provision from \$4 million to \$10 million a year for further enhancing exchanges and co-operation with Taiwan. Our major work will include –

- (a) setting up the “Hong Kong – Taiwan Economic and Cultural Co-operation and Promotion Council” as a new platform to enhance cooperation with the “Taiwan – Hong Kong Economic and Cultural Co-operation Council” in various public policy areas that are of concern of both parties;
- (b) promoting the early formation of the “Hong Kong – Taiwan Business Co-operation Committee” to foster closer cooperation between the private and commercial sectors in the two places; and

- (c) continuing to sponsor non-governmental organisations for organising forums, seminars and related activities and to invite Taiwan personalities from different sectors to visit Hong Kong.

## **Constitutional Development**

14. The three-month public consultation on “Methods for Selecting the Chief Executive and for Forming the Legislative Council in 2012” ended on 19 February. We are now concluding the views received, in the hope that we can formulate a proposed package that will be supported by the public and endorsed by the LegCo. Our aim is to complete the process of amending Annexes I and II to the Basic Law before the LegCo summer recess in 2010.

## **2010 Legislative Council By-election for the 5 Geographical Constituencies**

15. The LegCo By-election for the 5 Geographical Constituencies (GCs) will be held on 16 May 2010. The estimated expenditure for the conduct of the by-election is about \$159 million. We are working closely with the Electoral Affairs Commission on the necessary preparations for the upcoming by-election.

## **Basic Law Promotion**

16. This year marks the 20<sup>th</sup> anniversary of the promulgation of the Basic Law. In 2010-11, we have set aside \$16 million for promotional activities related to the Basic Law.

## **Rights of the Individual**

### Promotion of Racial Equality and Integration

17. On the work relating to human rights, we will continue to promote the public’s understanding of and respect for equal opportunities and human rights. The RDO came into full implementation in July 2009. We will, in the near future, finalise the Administrative Guidelines on Promotion of Racial Equality, as well as action checklists prepared by relevant bureaux, departments and public authorities. This will help promote racial equality and ensure equal access to public services.

18. At the same time, we are enhancing the support services for ethnic minorities. The four support service centres commenced operation last year. We have increased the funding to them for further enhancement of their services, such as the provision of after-school tutorial classes for ethnic minority students.

19. To strengthen the governance of the EOC and for the implementation of the RDO, additional subvention will be provided to the EOC in 2010-11 to cover the additional manpower expenditure for a Chief Operations Officer as well as various positions for complaints handling, promotion and education as well as

administrative support in enforcing the RDO. The Government proposes to allocate \$83.1 million to the EOC in 2010-11. Compared with the revised estimate of 2009-10, the above subvention represents an increase of about 4%.

#### Review of the Personal Data (Privacy) Ordinance

20. The Government is committed to strengthening the protection of personal data privacy and has been providing resources at an appropriate level to the PCPD to enhance enforcement and promotion work. In 2010-11, we propose to increase the subvention to the PCPD to \$48.6 million, which is about 8% higher than the 2009-10 revised estimates. Compared with PCPD's subvention in 2007-08 when this Bureau took over the policy responsibility for human rights matters, there has been a one-third increase, which is considerable when compared with the percentage increase in allocation generally available to Government departments. Of the proposed allocation in 2010-11, \$4.57 million is for the creation of five posts to step up PCPD's enforcement and promotion work.

21. In addition, we have, in conjunction with the PCPD, conducted a comprehensive review of the Personal Data (Privacy) Ordinance. We completed the public consultation in November last year. We are consolidating and analysing the views collected and drafting the public consultation report. We will then formulate the way forward and arrange for further public discussions on possible legislative proposals.

#### Promotion of equal opportunities in relation to sexual orientation and gender identity

22. We will continue to promote equal opportunities for people of different sexual orientations and transgendered persons. In 2010-11, we propose to allocate about \$0.9 million to administer the Equal Opportunities (Sexual Orientation) Funding Scheme and organise other publicity and education programmes.

#### Code on Access to Information

23. The Government is committed to the proper implementation of and compliance with the Code on Access to Information (the Code). In January this year, The Ombudsman announced its Direct Investigation Report on Administration of the Code. We attach great importance to the observations and recommendations in the Report. We are working with various bureaux and departments to implement appropriate measures, including enhanced training and promotion within the Government, to follow up the recommendations for more effective administration of the Code.

## **Others**

### Registration and Electoral Office

24. The provision for the Registration and Electoral Office will increase from about \$75 million in the revised estimates of 2009-10 to about \$247 million in 2010-11. The provision covers-

- (a) the conduct of the 2010 LegCo by-election;
- (b) the preparation for the 2011 District Council election and the 2011 Election Committee subsector elections;
- (c) the supervision of the 2011 Village Representative elections; and
- (d) the department's basic expenditures.

25. This concludes my opening remarks. If Members have any questions on the above estimates of expenditures, I will be pleased to answer them.

Constitutional and Mainland Affairs Bureau  
March 2010

**Presentation by the Secretary for the Civil Service  
at the Special Meeting of the Finance Committee  
on Monday, 22 March 2010**

Chairman and Honourable Members,

Of the items relating to civil service expenses in the 2010-11 Draft Estimates of Expenditure, I would like to brief Members on three of them.

2. First, **civil service establishment**. In keeping with the principles of “big market – small government” and prudent management of public resources, the Government’s policy is to maintain a lean and efficient civil service. Additional civil service posts will only be created when the operational need is fully justified, when the work involved cannot be undertaken by re-deployment of existing staff, and when alternative modes of service delivery (e.g. outsourcing) are considered inappropriate.

3. We achieved the target of reducing the size of the civil service establishment to around 160,000 by the end of 2006-07. Since then, the civil service establishment has recorded a slight increase each year to meet public demands for new or improved public services and to enable the delivery of new policy initiatives. We estimate that the civil service establishment will increase to 165,572 by end-March 2010. The 2010-11 Draft Estimates of Expenditure project a 0.6% increase in the civil service establishment to 166,625 posts.

4. Second, **recruitment of civil servants**. In his 2010-2011 Budget Speech, the Financial Secretary recapitulated the measures taken by the Government in December 2008 to counter the financial tsunami which included, amongst others, “preserving employment” by means of expediting recruitment of civil servants. The target is to fill some 7,700 vacancies by end-March 2010. This target has already been achieved last month.

5. Third, **financial provisions**. In the 2010-11 Draft Estimates of Expenditure, there are some financial provisions under various Heads of Expenditure which are directly related to the policy area of central management of the civil service. The following items are worthy of particular note:

- (a) Head 37 Department of Health: Programme 7 “Medical and Dental Treatment for Civil Servants”: A financial provision of \$823.5 million is proposed to meet the estimated direct expenditure on medical and dental services for serving and retired civil servants and their eligible dependants at government families

clinics and dental clinics, as well as on reimbursement of medical fees and hospital charges. On the latter, an allocation of \$335.4 million is proposed, representing an increase of 53% as compared to the 2009-10 Revised Estimates;

- (b) Head 46 “General Expenses of the Civil Service”: A financial provision of \$2,792.7 million is proposed. Included in this amount is \$751.3 million for the payment of education allowances. Recruits to the civil service since 1 August 1996 and 1 June 2000 are no longer eligible for the overseas and local education allowances respectively. Therefore, over time, these allowances will be phased out; and
- (c) Head 120 “Pensions”: A financial provision of \$18,587.4 million is proposed. Included in this amount is \$17,771.9 million for pension payments to eligible retired civil servants. This represents a 10% increase over the 2009-10 Revised Estimates. The increase is mainly due to an increase in the number of new retirees in 2010-11 and the full-year effect of pension payments to new retirees in 2009-10. Since 1 June 2000, new recruits to the civil service are no longer eligible for pension payments upon retirement. Instead, they will join the Mandatory Provident Fund Scheme and the Civil Service Provident Fund (CSPF) Scheme. In the 2010-11 Draft Estimates of Expenditure, a total provision of \$555 million (under the expenditure heads of individual bureaux / departments) is proposed for CSPF contributions. This represents a 43% increase over the 2009-10 Revised Estimates. The increase is mainly due to an increase in the number of new CSPF members in 2010-11 and the full-year effect of CSPF contributions to new members who joined the Scheme in 2009-10.

6. Chairman, the civil service is the backbone of the Government. It contributes to the effective governance and stability of Hong Kong. In the face of the future challenges, the Civil Service Bureau will continue to maintain a civil service with high standards of integrity, efficiency and performance to serve the community of Hong Kong.

7. Chairman, my colleagues and I are happy to answer questions from Members.

**Presentation by Secretary for Financial Services and the Treasury  
at the Special Meeting of the Finance Committee  
on Monday, 22 March 2010**

Chairman and Members,

Before answering your questions, let me first introduce briefly the estimates of expenditure for financial services and our key areas of work in 2010-11.

**Estimates of Expenditure**

2. For 2010-11, I have allocated about \$800 million from my operating expenditure envelope to the Financial Services Branch and departments under its purview. The amount represents an increase of more than \$80 million over 2009-10.

**Key Areas of Work in the Coming Year**

3. As in the past years, we will implement our measures in the coming year with two main policy objectives in mind: (1) promoting market development; and (2) optimising the regulatory system and protecting the interests of stakeholders, especially investors.

**(1) Promoting Market Development**

**(a) Developing Offshore Renminbi (RMB) Business**

4. On promoting market development, I would like to highlight the measures to develop offshore RMB business and to promote the development of asset management business. Developing offshore RMB business in Hong Kong is the best option for promoting the use and circulation of RMB outside the Mainland in an orderly manner. Together with the Mainland authorities, we will continue to pursue further refinements to the RMB trade settlement services and promote the expanded use of RMB outside the Mainland. We will also further develop the RMB clearing platform in Hong Kong, facilitating Hong Kong's development as a regional RMB settlement centre.

5. We also hope to further promote the development of RMB bond business in Hong Kong. This includes expanding the issuance size of bonds and increasing the types of bond issuers and the classes of qualified investors. Last year, the amount of RMB bonds issued in Hong Kong reached RMB 16 billion,



including RMB 6 billion of sovereign bonds launched in Hong Kong for the first time. The issue of RMB bond was warmly received by investors. We hope that RMB sovereign bonds will be issued on a regular basis in Hong Kong and that RMB-denominated investment products will be developed, thereby promoting the further development of RMB business in Hong Kong.

(b) Promoting Asset Management Business

6. To further promote our asset management business, the Financial Secretary proposed in his Budget Speech to introduce three tax measures, which include extending the stamp duty concession in respect of the trading of exchange traded funds (ETFs) and optimising the tax arrangements for qualifying debt instruments and offshore funds under the Inland Revenue Ordinance.

7. Some of these measures took immediate effect on the Budget day. For example:

- ETF issuers are now allowed to submit to the Administration their applications for stamp duty concession under the new arrangement; and
- Concerning offshore funds, the Commissioner of Inland Revenue has further clarified the definition of “central management and control” by revising relevant guidelines under the Inland Revenue Ordinance. The revised guidelines have been uploaded to the Inland Revenue Department’s website on 24 February 2010.

Implementing the other measures entails amending the relevant legislation. We will consult the Legislative Council (LegCo) on the details of the proposed measures as soon as possible.

**(2) Refining the Regulatory Regime to Protect Stakeholders**

(a) Establishment of an “Investor Education Council” (IEC) and a “Financial Dispute Resolution Centre” (FDRC)

8. In the past year, the Government, the Hong Kong Monetary Authority (HKMA) and the Securities and Futures Commission (SFC) joined hands in implementing a series of initiatives to enhance investor protection under a holistic strategy. Early last month, we released a consultation paper on the proposed establishment of an IEC and an FDRC. The IEC will seek to develop the ability of the investing public to make wise decisions on wealth management so as to prevent problems from occurring. The FDRC will provide a simple, efficient and affordable mechanism for resolving monetary disputes that may occur. In alignment with the “reinforced” measures for sales of products taken by the HKMA and the SFC earlier on, these two recommendations will provide investors with a seamless protection option.

(b) Disclosure of Price Sensitive Information

9. The Administration also supports the cultivation of a continuous disclosure culture among listed companies. One way to achieve this goal is to codify in statute requirements on timely disclosure of price sensitive information by listed companies. We are preparing the legislative proposals for public consultation.

(c) Deposit Protection Scheme (DPS)

10. We have also completed the review on the existing DPS. The bill for amending the DPS Ordinance will be introduced into the LegCo in the second quarter with a view to implementing the enhancement measures to strengthen the protection for depositors upon expiry of the 100% deposit guarantee at the end of this year.

11. To ensure a smooth transition to the enhanced DPS, the Board will engage the banking industry at the earliest possible time to ensure their readiness, and will launch a publicity campaign to highlight the features of the enhanced DPS on enactment of the proposed legislative amendments so that the public can fully grasp the new developments.

(d) Revamp of the Companies Ordinance

12. In addition, the rewrite exercise of the Companies Ordinance (CO) has been progressing at full steam. All the proposals of the CO revamp have been incorporated into the draft Companies Bill and issued for the first phase consultation last December. We will conduct the second phase consultation in April this year. It is expected that the Bill will be introduced into the LegCo by the end of this year. Besides, if the Companies (Amendment) Bill 2010 is passed within this legislative session by the LegCo, the Companies Registry will introduce new services such as electronic incorporation of companies and filing of documents early next year.

(e) Review of the Trustee Ordinance

13. We are reviewing the Trustee Ordinance and related matters. We believe that by updating the legislative provisions, we can increase the competitiveness of our trust services industry and attract more people of high net worth to choose Hong Kong as the place for establishing and administering their trusts. We released the consultation conclusions in February this year, and briefed the Panel on Financial Affairs on the conclusions in early March. We will seek to introduce the Amendment Bill into the LegCo in the 2010-11 legislative year.

(f) Establishment of an Independent Insurance Authority

14. As regards the insurance industry, we have commissioned a consultancy study on the establishment of an independent Insurance Authority. Apart from making recommendations on the organisational structure and financial arrangements, the study will also review the existing regulatory framework for the insurance industry and identify areas for improvement so as to help the industry meet new regulatory needs and challenges. We will formulate a detailed proposal for establishing an independent Insurance Authority and conduct a consultation within the first half of this year.

(g) Establishment of a Policyholders' Protection Fund

15. To ensure the stability of the insurance industry as a whole and to protect policyholder's interests in the event of an insurer's insolvency, we will conduct an actuarial study on the proposals relating to the establishment of a Policyholders' Protection Fund. Besides, we plan to consult the LegCo within this year on the details of the proposals, e.g. the rate of levy, the scope and maximum amount of compensation, and the reserve level of the fund.

(h) Anti-money Laundering

16. In response to the request of the Financial Action Task Force on Money Laundering (FATF) and to align with the relevant international standards by enhancing the anti-money laundering regulatory regime in respect of the financial sectors in Hong Kong, the Financial Services Branch is preparing a bill to codify in statute the customer due diligence and record-keeping requirements for financial institutions, and to set up an anti-money laundering regulatory regime for remittance agents and money changers. In the past year, the Branch conducted two rounds of public consultation on the relevant legislative proposals and held consultation sessions for various sectors. We are now studying in detail the views collected and plan to introduce the bill into the LegCo in the second quarter of this year.

17. Chairman, my colleagues and I are very happy to answer any inquiries from Members.

**Presentation by Secretary for Financial Services and the Treasury  
at the Special Meeting of the Finance Committee  
on Monday, 22 March 2010**

Chairman and Members,

This session is mainly for examining the expenditure estimates of the Treasury Branch and related departments. The Treasury Branch is responsible for the oversight of several programmes, which cover revenue and financial control, provision of support services within the Government and maintenance of government properties. Before the question session begins, I would like to brief Members on some points.

**Estimates by Policy Areas**

The estimated total recurrent expenditure for the above-mentioned programmes for 2010-11 is \$5.847 billion, with about \$2.8 billion on revenue and financial control, around \$2.2 billion on provision of support services within the Government, and about \$0.7 billion on maintenance of government properties. The estimated expenditure for these three programmes for 2010-11 only differ slightly to the revised estimate for 2009-10.

**Key Areas of Work in the Coming Year**

As regards the key areas of work in the coming year, we will continue to adhere to the basic principles of public finances, including fiscal prudence, keeping expenditure within the limits of revenues, and maintaining a low and simple tax regime.

I would like to highlight the following key areas of work:

- In last year's Budget, the Financial Secretary announced that we would introduce legislative amendments so that Hong Kong can adopt the latest international standard on exchange of information in **comprehensive double taxation agreements** (CDTAs). The relevant amendments took effect in the middle of this month. Last Saturday, the Financial Secretary signed a CDTA with Brunei. We will also sign CDTAs with the Netherlands and Indonesia today and tomorrow. We are now in negotiation over CDTAs with a number of countries and have almost reached agreement with them. I look forward to concluding more CDTAs with our trading partners in 2010-11, thereby enhancing

Hong Kong's position as an international business and financial centre.

- We also plan to introduce a bill into the LegCo within this legislative session to **implement the initiatives** for the one-off **tax concession** and for accelerating the **tax deduction** for capital expenditure on environment-friendly vehicles as mentioned in the **2010-11 Budget**. Moreover, it is proposed in the Budget that capital expenditure on purchases of registered trademarks, copyrights and registered designs be entitled to profits tax deduction. We will prepare the detailed proposals for the bill to be introduced into the LegCo in order to implement these initiatives.
- To ensure more efficient use of land resources, we will formulate plans to gradually relocate the 27 policy bureaux/departments in the three **government office buildings at the Wan Chai waterfront** to other districts. We will start to identify suitable sites and study the feasibility of making use of old industrial buildings in the relocation of the departments affected. Because of its enormous scale, the relocation exercise is expected to take many years to complete.
- Regarding the maintenance of government buildings and facilities, we will step up our **preventive maintenance work** in light of the ageing of government buildings and facilities. Under the new strategy, we will formulate timely and appropriate preventive maintenance measures by conducting more regular inspections and comprehensive investigation, and developing a management and information system with details of the conditions of such buildings and facilities.
- Apart from the principles of value for money, openness and fairness, we will also continue to align our **procurement** with the green policy of the Government. Subject to market supply and resource availability, the Government Logistics Department will actively adopt the green specifications already developed in its procurement activities. Over the past two years, we have procured 12 electric motorcycles and 10 electric vehicles for the use of various government departments. We plan to purchase 10 to 20 electric vehicles in each of the following few years to replace some unserviceable vehicles.

Chairman, my colleagues and I will be happy to answer any questions that Members may wish to raise. Thank you.

FSTB  
March 2010

**Presentation by Secretary for Commerce and Economic Development  
at the Special Meeting of the Finance Committee  
on Monday, 22 March 2010**

- Chairman, the Budget has included matters within the policy areas of commerce, industry and tourism. I would like to set out the progress and content of the key policies.

**Supporting Measures for Enterprises**

- To facilitate steady development of enterprises during this early stage of the economic recovery, the Financial Secretary announced in October last year the second extension of the application period of the “Special Loan Guarantee Scheme” for six months to the end of June this year. The Trade and Industry Department has so far approved over 29 000 applications under the scheme, involving a total loan amount of over \$71 billion, benefiting some 17 000 enterprises and preserving jobs for 290 000 employees.
- The “Special Loan Guarantee Scheme” is an exceptional measure introduced in response to the financial tsunami to help Hong Kong enterprises tide over the liquidity crunch. We will closely monitor the pace of economic recovery in the coming months before deciding whether to extend the scheme. We would be mindful of the need for giving adequate notice to the participating banks and the trade. However, we will have to let the credit market resume normal operation eventually.
- The “SME Funding Schemes” are on-going measures for supporting SMEs. We have earlier on introduced a series of enhancement measures to strengthen support for enterprises - the scope of the “SME Export Marketing Fund” has been broadened and the grant ceiling has been increased; more flexibility has been introduced in the use of loans under the “SME Loan Guarantee Scheme” the total loan guarantee commitment of which has been increased from \$12.6 billion to \$20 billion; and \$1 billion has been injected into the other two funding schemes.
- Moreover, to assist Hong Kong exporters to sustain their business and develop new markets, the Hong Kong Export Credit Insurance Corporation (ECIC) has continued to improve its services. ECIC has also decided to extend the provision of free buyer credit check services to exporters and its annual policy fee waiver.

## **CEPA**

- The Government will continue to seek to broaden the scope of and deepen liberalisation in various service sectors under CEPA. We have commenced a new round of CEPA consultation with the Mainland authorities. It is equally important to ensure the effective implementation of the CEPA measures already announced. We will continue to maintain close liaison with the Mainland authorities at central, provincial and municipal levels, and seek to enhance the transparency of rules, regulations and implementation guidelines, streamline the application procedures for setting up businesses, etc.

## **Trade Co-operation between Hong Kong and Taiwan**

- We hope that Hong Kong and Taiwan would have even closer co-operation in trade, investment and tourism in the coming year. In early March, the Secretary for Constitutional and Mainland Affairs and I jointly led a delegation to visit Taichung City for the first time. The main objective of the visit was to enhance co-operation and exchanges on tourism. We also had the opportunity to promote Hong Kong's investment environment and encourage Taiwan businessmen to invest and list their companies in Hong Kong. The response was generally positive.
- I believe that there is much room for co-operation between Hong Kong and Taiwan in trade, investment, tourism, innovation technology and creative industry. Relevant organisations including the Hong Kong Tourism Board (HKTB), Hong Kong Trade Development Council and Invest Hong Kong (InvestHK) would seize the opportunity and strengthen their work there.
- Specifically, InvestHK is conducting a study amongst Taiwan companies on their perception of Hong Kong's business environment and their views about investing in Hong Kong. InvestHK is also building up a comprehensive database to help identify and reach out to potential investors.
- Furthermore, the HKSAR Government will establish the Hong Kong-Taiwan Economic and Cultural Co-operation and Promotion Council (ECCPC). At the corporate level, the Hong Kong-Taiwan Business Co-operation Committee (BCC) will be set up. They will discuss matters of mutual interest with their counterparts. With the setting up of these new platforms, it is believed that Hong Kong-Taiwan exchanges in trade, investment, tourism and other areas would be further enhanced.

## **Tourism Performance**

- Now I would like to talk about the overall tourism performance last year.



- With the concerted efforts of the Government, the HKTB and the trade, our total visitor arrivals in 2009 out-performed our expectation and recorded a slight increase of 0.3% over 2008 to reach 29.6 million, despite the effect of the financial crisis and Human Swine Influenza. The HKTB forecasts that visitor arrivals in 2010 will continue to increase and exceed 30 million for the first time.
- The Government will continue to actively promote tourism development by improving tourism infrastructure on the one hand, and putting efforts in tourism promotion on the other.

### **Cruise Tourism**

- On hardware development, we are pressing ahead with the development of the new cruise terminal at Kai Tai. Site formation works for the terminal commenced at the end of last year, and the first berth will commence operation in mid-2013 as scheduled. As for the terminal building, we will brief the Panel on Economic Development of this Council on the latest development of the tender exercise for the terminal building works contract next week (29 March), and seek LegCo's funding approval next month with a view to awarding the design and build contract in May 2010.
- I would like to point out that, subject to the funding approval from LegCo, our current timetable is to advance the completion of the cruise terminal building to 2013. The target is to synchronise with the commissioning of the first berth in mid-2013. With about a year earlier than planned, this will greatly enhance the cruise tourism in Hong Kong and the economic benefits brought by it. I hope that Members will support and approve the funding application.
- Besides, the Ocean Park is implementing in full swing its \$5.5 billion redevelopment project. Works on the Hong Kong Disneyland expansion project also commenced in 2009.

### **Promotional Work of the HKTB**

- The HKTB has used "Festive Hong Kong" as the theme of 2010 to highlight Hong Kong's wide array of festivals and cultural celebrations, our fascinating cultural fusion, deep-rooted heritage, as well as vibrant living culture of the city. The HKTB will adopt new and cost-effective promotional tools through the Internet and mobile phones, e.g. launching Asia's first three-dimensional mobile travel guide and using other widely-used interactive applications. The HKTB has also partnered with Google and social networking platforms, such as YouTube and Facebook, to promote Hong Kong's latest offering worldwide to attract more visitors to experience our unique local culture.

## **Mega Events Fund**

- Following Finance Committee's approval in May last year, we have set up the "Mega Events Fund" to support local non-profit organisations to stage more arts, cultural and sports events. So far a total of \$27.2 million has been approved to support seven mega events. Two of these events were held earlier, creating some 1 000 jobs and attracting more than 32 000 participants. More events will be held later this month and in early April, which will create some 860 jobs. The HKTB will actively promote these events and will work closely with its overseas offices to launch special travel packages to attract more visitors to Hong Kong.

## **Promoting Businesses Related to Wine Trading**

- Wine-related businesses in Hong Kong saw vibrant growth over the past two years. We are putting sustained efforts on attracting more traders to set up or expand their wine-related businesses in Hong Kong, thereby bringing more economic benefits to Hong Kong.
- We have signed co-operation agreements with seven wine-producing countries/regions. We are actively pursuing similar agreements with other trading partners as well as new areas of co-operation with the existing partners.
- We will continue to work with the industry to help them tap the business opportunities emerging across Asia. Apart from following through earlier measures such as facilitating the industry's launching of a wine storage certification scheme and maintaining vigilance in combating counterfeit, we will roll out together with the Mainland General Administration of Customs in the second quarter of this year facilitation measures for wine re-exported from Hong Kong to the Mainland. As a related step, we will continue to discuss with the Mainland General Administration of Quality Supervision, Inspection and Quarantine for further possible facilitation measures. Meanwhile, we will expand the scale of key promotion events (such as the Wine and Dine Festival) and bring new elements to these events.

## **Competition Law**

- We are proceeding full steam ahead with the drafting of the Competition Bill. In the past year, we have been working hard with bureaux and departments to determine the details of the numerous areas in the Bill such as the operation and investigative power of the Competition Commission, the operational model of the Competition Tribunal, and how the competition law under preparation reconciles with other competition provisions of existing legislations etc.

- I must emphasise that the Bill is very complex. During our drafting of the Bill, we need to work with many bureaux and departments and examine with them carefully the coverage and other provisions of the Bill. While the preparation work is no easy task, we still maintain our original target to introduce the Bill in the current legislative session.

### **Consumer Protection**

- Another area of priority is enhancing consumer protection.
- The review on consumer protection legislation is near finalisation. We have developed broad directions of legislative proposals to tackle unfair trade practices. I have shared with Members, during the motion debate on the subject held on 6 January, our inclination of criminalising unfair trade practices that are commonly seen in the market. We are now drafting the definitions of various unfair trade practices and defence provisions. We are also examining the associated enforcement arrangements, including whether to introduce a compliance-based enforcement mechanism by drawing reference to the arrangements adopted in the United Kingdom and Australia.
- We will in due course consult the Panel on Economic Development of this Council on the broad directions of the legislative proposals, so that we can take account of and reflect Members' views when finalising the consultation document.
- In respect of efforts to curb pyramid selling, we are reviewing the Pyramid Selling Prohibition Ordinance, including its coverage, definitions and penalties, with a view to identifying suitable amendments. We hope to complete the review within 2010.

### **Intellectual Property**

- To support the sustainable development of creative industries and in keeping with the trend of network applications, we will maintain our dialogue with the industry and users this year on how best to protect digital copyright. At the same time, we are mindful of the need to ensure that the protection measures would not prejudice the dissemination of information and freedom of expression. We are drafting the relevant amendment legislation and will continue to engage the stakeholders, with a view to building the broadest consensus on the way forward. Meanwhile, Customs will keep enhancing its enforcement capability to combat online infringement.

### **Conclusion**

- Chairman, I would be pleased to answer questions from Members.

**Presentation by Secretary for Commerce and Economic Development  
at the Special Meeting of the Finance Committee  
on Monday, 22 March 2010**

**Introduction**

- Chairperson, the Budget of this year has covered a number of policy areas under the scope of communications and technology. I will brief Members on our key policies and the work progress concerned.

**The Area of Domestic Free Television Programme Service Licences**

- The mid-term review of the domestic free television programme service licences of TVB and ATV conducted by the Broadcasting Authority (BA) is nearly completed. The BA will submit its recommendation of licence review to the Chief Executive in Council for approval in accordance with the statutory requirements and established procedures. We will brief the ITB Panel on the Chief Executive in Council's decision when available.
- On the other hand, we have received two new applications for domestic free television programme service licences. The BA is now considering the applications in accordance with the Broadcasting Ordinance and established procedures and will conduct a public consultation exercise in due course. The BA will submit recommendations to the Chief Executive in Council for approval when evaluation has been completed.

**The Area of Digital Audio Broadcasting (DAB) and Mobile Television Services**

- In February, we announced the implementation plan and timetable for developing DAB services and invited applications for licences for the provision of such services. The deadline for the first batch of applications is end of April. The BA will consider all applications received in accordance with the Telecommunications Ordinance and established procedures, after which recommendations will be made to the Chief Executive in Council. We expect that DAB services can be rolled out in late 2010 / early 2011 at the earliest.
- We have also updated the implementation framework for the development of broadcast-type mobile TV services. We will release the frequency spectrum by auction for the launch of these services.

## **The Area of Mid-term Review of Sound Broadcasting Licences**

- The current sound broadcasting licences of Commercial Radio and Metro Broadcast are valid until 2016, subject to a mid-term review to be conducted this year. The BA will conduct the review, and will gauge the community's views on the radio services and evaluate the licensees' performance against the statutory and licensing requirements. The BA will hold a public hearing and conduct an opinion survey to collate public views on the sound broadcasting services in the coming months. We will brief the ITB Panel in more detail in the coming months.

## **The Area of RTHK**

- In September last year, we announced the decision to task RTHK to be the public service broadcaster of Hong Kong. We have recently completed the public consultation exercise on the future operation of RTHK. We have received over 140 written submissions during the consultation period and are preparing the consultation report. We will brief the ITB Panel on the consultation outcome shortly.
- In the 2010-11 financial year, we will allocate resources for the creation of new civil service posts for RTHK to enable it to undertake the necessary preparations for its new mission.

## **The Area of Film Services and Creative Industries**

- The Film Development Council ("FDC") will further promote the use of the Film Development Fund ("FDF") to finance small-to-medium budget film productions. As of February 2010, it has approved the grant of \$39 million to finance 14 small-to-medium budget film productions, including the "Echoes of the Rainbow" which has just won the Crystal Bear Award for the Best Feature Film in the 60<sup>th</sup> Berlin International Film Festival. Taking into account the experience of the operation of the FDF, we will raise the maximum funding amount to \$6 million and streamline the procedures of processing the applications.
- To promote the development of creative industries, we set up the dedicated office Create Hong Kong and established the \$300 million CreateSmart Initiative ("CSI") in June last year. In less than one year after the launch of the scheme, we have approved 20 applications with a total amount of funding at around \$40 million.
- We have completed the recruitment for the Head of Create Hong Kong. The selected candidate, Mr Jerry Liu, assumes office today. He will lead the dedicated office to work closely with industry players to drive the development of Hong Kong's creative industries.

- Regarding the revitalisation of the former Police Married Quarters at Hollywood Road for creative industries purposes, we just announced last Friday the arrangements of inviting proposals to revitalize the site. We look forward to receiving proposals from interested organisations.

### **The Area of Telecommunications**

- We are close to finalising the Communications Authority Bill to establish a unified regulator for the electronic communications sector and we plan to introduce the bill into the Legislative Council (LegCo) within this legislative session.

### **The Area of Digital 21 Strategy**

- Satisfactory progress has been achieved in implementing the Digital 21 Strategy. A range of indicators has been developed to help track the achievement. In view of the ever-increasing application of information and communications technology (ICT), there is a pressing need to promote “Green ICT”. We will incorporate this into our action plans.

### **The Area of Facilitating Digital Inclusion**

- We have entered into the second phase of the district cyber centres (“DCC”) pilot scheme. Services provided by the scheme have proved very popular amongst district cyber residents. The DCC have successfully engaged the participation of 33 affiliated centres as compared to the original target of 25 centres. The 33 affiliated centres are geographically well spread across the territory providing ICT support to a good mix of different communities in the district. Sponsors have also welcomed the scheme as they can provide support to the DCC movement as a whole instead of offering optional support.
- To narrow the digital divide, we, together with the Education Bureau, will provide convenient and suitable Internet learning opportunities to students in need through tripartite collaboration between the community, the business sector and the Government. In this digital age, web-based learning and research on the Internet have become an integral part of education. We propose a two-pronged approach to help primary and secondary school students from low-income families with their Internet learning by granting them an allowance to cover Internet access charges on the one hand, and encouraging the market to provide them with inexpensive Internet services on the other.
- The OGCIO is making preparation for the identification of a non-profit making organisation to collaborate with Internet service providers and

community organisations to provide inexpensive Internet access services, computers and other relevant support to low-income families in need. The organisation will also provide other support services such as enhancement of parents' proficiency in computer application and Internet know-how.

### **The Area of Testing and Certification**

- The Hong Kong Council on Testing and Certification will, as scheduled, submit its working report with recommendations as well as the three-year development plan for the industry by the end of this month.
- We will allocate \$41 million in the next two years to support further development of the testing and certification industry.

### **The Area of Providing Infrastructure for Innovation and Technology**

- The development of world-class technological infrastructure attracts talent, nurtures innovation and creates business opportunities for promoting the further development of innovation and technology in Hong Kong. We have decided to support the development of Science Park Phase Three. We are grateful to the support of the Panel on Commerce and Industry, and we will seek funding approval from the Finance Committee in April. Subject to approval, the construction work will commence in 2010-11. The first batch of the buildings will be ready in 2013-14. Upon full occupation, we expect Phase Three will generate about 4,000 additional research and development related jobs, while 5,000 job opportunities will be created during the construction period.

### **The Area of Promoting Innovation and Technology**

- The Patent Application Grant under the Innovation and Technology Fund provides funding support to Hong Kong companies and inventors in their first patent applications, so as to help them capitalize and protect their intellectual work. To further encourage creativity and innovation, we will raise the grant ceiling for each case from \$100,000 to \$150,000. The expenditure ceiling in respect of patent applications in R&D projects funded by the Innovation and Technology Fund will also be raised to \$150,000 correspondingly.
- Chairperson, I stand ready to answer questions from Members.

**Presentation by Secretary for Environment  
at the Special Meeting of the Finance Committee  
on Monday, 22 March 2010**

Chairman,

I am delighted to attend the Special Meeting of the Finance Committee today to brief Members on the part of the 2010-11 Estimates which relates to the expenditure on environmental protection, conservation, energy and sustainable development.

2. In the 2010-11 financial year, the Environment Bureau (ENB) and departments under our portfolio are allocated about \$11.7 billion, representing a net increase of about \$3.4 billion or 40.1% over the revised estimate for 2009-10.

3. Of the total allocation of \$11.7 billion, the operating expenditure accounts for about \$6.1 billion, up \$0.8 billion net or 15.9% as compared with the revised estimate for 2009-10. The additional allocation is mainly for setting up a Pilot Green Transport Fund and handling the additional quantity of public fill arising from major infrastructure projects. Besides, additional provision is provided for the operation, promotion and management of the Hong Kong Geopark and the proposed grant scheme to replace Euro II diesel commercial vehicles, etc. As regards the number of posts, there will be a net increase of 10 posts in the ENB and the Environmental Protection Department (EPD) in 2010-11.

4. The provision for capital expenditure in 2010-11 is about \$5.6 billion, representing a net increase of \$2.5 billion or 81.1% as compared with the revised estimate for 2009-10. This is mainly due to the increased cash flow requirements and commencement of some capital works projects, in particular the projects under the Harbour Area Treatment Scheme (HATS) Stage 2A and the sludge treatment facilities.

5. I will now give a brief outline of the work priorities of ENB and EPD in the coming year.

#### Improving Air Quality

6. Improving air quality has always been at the top of the SAR Government's policy agenda. This year, we will introduce a number of new initiatives to further reduce emissions from the major sources.



7. On controlling vehicular emissions, in addition to the continuous implementation of various emission control measures, we also propose three new initiatives to improve road side air quality-

- (i) We propose to provide a one-off grant to encourage owners to replace their Euro II diesel commercial vehicles with new ones complying with Euro IV standards. The scheme will involve a total expenditure of about \$540 million. On the current grant scheme for owners to replace their pre-Euro and Euro I diesel commercial vehicles with new ones complying with Euro IV standards, it will expire on 31 March this year. To encourage owners to make use of the grant to replace such vehicles, we have made a special arrangement to allow owners who have already placed orders for new replacement vehicles during the application period to retain their eligibility for the grant until 31 March next year. As we explained at the meeting of the Subcommittee on Improving Air Quality on 10 March, it is not effective enough to rely solely on incentives schemes to accelerate the phasing out of aged commercial vehicles. I hope that the Legislative Council (LegCo) would consider whether we should introduce suitable disincentive measures, such as increasing the vehicle licence fees, to speed up replacement of aged commercial vehicles and how this should be done.
- (ii) To further promote the use of environment-friendly vehicles in the commercial sector, we propose that enterprises could enjoy a 100% profits tax deduction in the first year for their capital expenditure on such vehicles.
- (iii) To encourage the public transport operators, particularly buses, public light buses, taxis and ferries, to introduce innovative green transport technologies, the Government proposes to set up a \$300 million Pilot Green Transport Fund. We trust that this Fund could assist the industry to promote the use of low-carbon transport technologies.

8. In addition, we will introduce to LegCo in the current legislative year the Motor Vehicle Idling (Fixed Penalty) Bill, which aims to impose a legal requirement on drivers to switch off the engines of their vehicles when they are stationary. We hope that LegCo could pass this Bill as soon as possible in order to reduce environmental nuisances caused by idling vehicles with running engines.

9. On reviewing Hong Kong's Air Quality Objectives (AQOs) and formulating a long term air quality management strategy, we had consulted the public on the proposed new AQOs and the package of proposed air quality

improvement measures to help achieve such AQOs. The public consultation exercise was completed in November last year. We are carefully collating and considering the views received.

#### Strengthen Cross-boundary Cooperation

10. To effectively tackle the environment pollution problems that we face, Hong Kong needs to join hands with Guangdong. The two governments will continue to press ahead with the emission reduction measures contained in the Regional Air Quality Management Plan to achieve the jointly agreed emission reduction targets in this year. Both sides will continue to take forward the Cleaner Production Partnership Programme which supports Hong Kong-owned factories in the Pearl River Delta region in reducing emissions and enhancing energy efficiency, thereby improving the regional air quality.

11. To deepen co-operation with Guangdong, the two governments signed an Environmental Co-operation Agreement at the 12th Plenary of the Hong Kong/Guangdong Co-operation Joint Conference held in August 2009, which includes a joint study on the post-2010 air emission reduction arrangements for the Pearl River Delta region. We aim to complete the study in 2010. Both sides will take into account environmental requirements in the national 12th Five-year Plan as well as the practical situation in the region when drawing up the post-2010 reduction agreements.

#### Solid Waste Management

12. In the area of waste recycling, we are seeing promising outcome from the Source Separation of Domestic Waste programme which was launched in 2005. As at end 2009, the programme has covered some 1.57 million households or 67% of the population. The recovery rate of domestic waste has increased significantly from 14% in 2004 to 35% in 2009. The cumulative decrease in landfill disposal of domestic waste, from 2005 to 2009, has been more than 10%. For source separation at commercial and industrial buildings, more than 500 buildings have signed up to the programme. Overall, we have achieved a recovery rate of 49% for Municipal Solid Waste in 2009. This compares favourably with other advanced countries, e.g. 33% in U.S.A., 45% in Singapore, or 48% in Sweden. EPD will continue to work closely with different sectors of the community to promote and enhance waste separation at source, recycling and reuse of materials.

13. Looking back our efforts in waste management last year, we implemented the Environmental Levy Scheme on Plastic Shopping Bags. So far, feedback from the community has been positive. It is encouraging to see that the Levy Scheme, being the first mandatory producer responsibility scheme (PRS) in Hong Kong, has gained support from different sectors of the community. We will continue to engage the trades to ensure smooth operation of the Levy Scheme. We are also collecting data and information for the purpose of carrying out a

review. Further to the Environmental Levy Scheme on Plastic Shopping Bags, we are preparing for the next mandatory PRS. A consultation document has been published for the purpose of soliciting the public's views on possible options for introducing PRS for proper management of waste electrical and electronic equipment.

14. For certain recyclables with relatively limited market demand, including waste electrical and electronic equipment (WEEE) and waste plastics which were quite hard hit by the financial tsunami earlier on, the Government is setting up two waste recycling centres in Phase 2 of the EcoPark. With subsidy from the Environment and Conservation Fund, the centres will be run by two non-profit making organisations selected through an open process. The plastic recycling centre has started its operation in March 2010 while the WEEE recycling centre will start its operation in mid 2010. By then there will be one more secured outlet for waste plastics and WEEE in the territory to help sustain the public's zeal in waste recycling.

15. In implementing various waste reduction initiatives, there will inevitably be large quantity of non-recyclable waste that will require proper treatment. Therefore, we plan to develop Integrated Waste Management Facilities which will adopt advanced incineration technology to substantially reduce the volume of the municipal solid waste. The first phase of the facility will treat about 3,000 tonnes of waste per day. Currently we are carrying out detailed engineering and environmental impact assessment studies for the two potential sites (Tsang Tsui in Tuen Mun and Shek Kwu Chau). We expect to complete the studies and decide on the choice of site within this year.

#### Harbour Area Treatment Scheme

16. The sewage conveyance system and advance works of the HATS Stage 2A commenced last year as scheduled. In April, we will seek the approval of the Finance Committee for \$7.9 billion to implement the remaining works of Stage 2A. The above works will create a total of about 3,500 jobs. Also, the Legislative Council provided funding support in June 2009 for the construction of the Sludge Treatment Facilities in Tuen Mun to handle the increased amount of sludge generated under the Scheme. The Facilities are now at the tendering stage and would start to operate in 2013. We will commence a review to determine the timing for building the biological treatment plant under HATS Stage 2B. We have also identified a site for development of the biological treatment plant, and commenced in the 4th quarter of 2009 the procedures to amend the Stonecutters Island Outline Zoning Plan.

#### Combating Climate Change and Enhancing Energy Efficiency

17. Climate change is an important environmental issue, and the Government has been very concerned about its impact. Through switching to

cleaner fuels (e.g. natural gas) for power generation, enhancing Hong Kong's overall energy efficiency (in particular at buildings), and reducing electricity consumption, the Administration has been taking forward a series of measures to reduce local greenhouse gas (GHG) emissions. We launched an 18-month consultancy study on climate change in 2008, which will provide an objective and scientific basis for developing new strategies and initiatives to cope with climate change.

18. Electricity generation is the largest GHG emissions source in Hong Kong, accounting for around 62% of the total local GHG emissions. It is followed by the transport sector (16%) and other sources including waste, industrial processes and agriculture, etc. 89% of electricity generated in Hong Kong is consumed by operations of buildings. Enhancing the energy efficiency of buildings can effectively reduce power consumption, thereby bringing forth improvement in air quality and alleviating the adverse effects of global warming. The Administration launched in 2008 a set of carbon audit guidelines for buildings in Hong Kong, and embarked upon a "Green Hong Kong • Carbon Audit" campaign at the same time, with a view to encouraging different sectors of the community to conduct carbon audit and reduce their carbon emission level. So far, more than 150 organizations from different sectors have taken the lead to become "Carbon Audit • Green Partners". In the meanwhile, the Government submitted to the Legislative Council on 9 December 2010 the Building Energy Efficiency Bill, with a view to setting minimum energy efficiency standards for local buildings through mandatory implementation of Building Energy Codes. I appeal to Members for your support on this front.

#### Promoting the Use of Electric Vehicles

19. In this year's Budget, promotion of use of electric vehicles (EVs) as one of the key measures. The use of EVs will not only improve our environment but also create business opportunities in EV-related industries. In addition to the aforementioned new initiatives on setting up a \$300 million "Pilot Green Transport Fund", and the acceleration of tax deduction for capital expenditure on environment-friendly vehicles; the Government will continue to enhance cooperation with EV manufacturers by conducting trials on EVs and inviting different EV manufacturers to supply their EVs to Hong Kong. We expect a supply of around 200 EVs for the local market in the 2010-11 financial year. We will also introduce more EVs into the Government fleet.

20. As regards the development of EV charging infrastructure, we expect that the Government and the two power companies will have set up EV charging points in more than 60 locations by mid 2010. We will also work closely with our partners in the community on the extension of EV charging network. ENB has recently issued to property management companies and car park operators a pamphlet on the setting up of EV charging facilities at car parks. The Electrical and Mechanical Services Department has also issued technical guidelines on the

installation of charging facilities. We will continue to encourage property management sector and car park operators to set up EV charging facilities at their car parks so as to meet the increasing demand for EV charging service.

#### Promotion Green Procurement

21. In his Policy Address, the Chief Executive further announced the development of environmental industries as one of the six industries, and will put forth the initiative in respect of promoting government green procurement. To this end, the Government will take the lead in promoting green procurement, which could on one hand promote environmental protection, and on the other hand, set a role model for the business sector, lending momentum to the development of environmental industries in Hong Kong. We are continuing to devise green specifications for the products and services commonly used by the Government, and the products with green specifications will be increased from 60 to over 100. Apart from this, we would explore the wider use of green materials in public works contracts whenever the performances of these products are satisfactory and the prices of which are economically rational.

#### Nature Conservation

22. With regard to nature conservation, the Hong Kong National Geopark was opened in November last year. Apart from promoting geo-education and geo-tourism, we are actively considering to apply for the global geopark status for the Hong Kong National Geopark, with a view to further enhancing our geoconservation efforts. Furthermore, upon the commencement of the Genetically Modified Organisms (Control of Release) Ordinance, we could better protect the local biodiversity by preventing the adverse biodiversity effects that might be brought about by the release of genetically modified organisms into the environment.

#### Conclusion

23. Chairman, the Government has been committing firmly to promoting environmental protection. The focus of our policies has also attached a great deal of importance on building a city of low pollution, low carbon and sustainable development in recent years. To further improve our environment, it does not only require the Government setting the necessary policy direction, but also calls for support from this Council in implementing the requisite measures. For this, I look forward to the LegCo's continued support for our policies and measures in the coming financial year. Chairman, I welcome Members to put forward their questions on this part of the Estimates and, together with the Permanent Secretary and other colleagues, I would be pleased to answer Members' questions.

Environment Bureau

March 2010

**Presentation by Secretary for Transport and Housing  
at the Special Meeting of the Finance Committee  
on Tuesday, 23 March 2010**

Madam Chairman,

I would like to brief Members on the Government's major initiatives on housing in the new financial year.

**Supply of Public Housing and Review of Rent**

2. On public rental housing (PRH), the Government and the Hong Kong Housing Authority (HA) will continue to identify suitable land and to monitor the progress of the supply of public housing sites to ensure adequate land supply for public housing development. We believe that in the next five years, there will be adequate supply of public housing to maintain the average waiting time of general PRH applicants at about three years.

3. Noting that some members of the public have not yet benefited from the economic upturn and to strengthen economic recovery, the Financial Secretary (FS) has proposed to pay rents for PRH tenants for two months. The Transport and Housing Bureau (THB) will seek approval from the Finance Committee of the Legislative Council (LegCo) for the funding required in due course. It is expected that the proposal can be implemented after mid-2010.

4. This year, in accordance with the established policy, we will conduct the first rent review under the new rent adjustment mechanism. THB has briefed the Legislative Council Panel on Housing (the Panel) on matters concerning the first rent review via papers submitted in January and March this year. Under the new mechanism, PRH tenants' affordability provides an objective basis for determining PRH rent. Only when there is an increase in the overall household income of PRH tenants will HA increase the rent, and the upward adjustment will be capped at 10%. On the contrary, if there is a drop in PRH tenants' overall household income, HA will adjust the PRH rent downwards. We are collecting the income data required for the first rent review which is expected to be completed around mid-2010. Before the LegCo recess, we will brief the Panel, HA and the general public on the findings.

**Private Property Market**

5. We have been closely monitoring the development of the private residential property market. THB has been keeping track of the supply of

first-hand private residential flats. According to the latest figures in February this year, some 57 000 new flats will be available in the private residential market in the next three to four years, representing an increase of 4 000 units as compared with January this year. Of these, about 33 000 will be small-sized flats with a saleable area of less than 70 square metres, amounting to about 58% of the total supply. Apart from the above estimate of 57 000 first-hand private residential flats, it is estimated that there will be a further supply of around 7 200 first-hand private residential flats upon the conversion of various residential sites into “disposed sites” or the completion of tendering of various sites in the coming few months.

6. At present, the property market as a whole remains reasonably healthy. However, in the light of the abundant liquidity in the global financial markets, the inflow of funds which has fuelled the prices of luxury flats, a very low-interest rate environment and the keen competition in the mortgage market, there is a potential risk of a property bubble. The private residential market has recorded a 28% increase in the overall flat prices from 2008 to 2009.

7. It is the policy objective of the Government to ensure a healthy and stable development of the property market. The FS has proposed four measures in the Budget Speech, namely, increasing the supply of land and the supply of small and medium-sized residential flats; strengthening the regulation of the sale of uncompleted first-hand private residential flats; increasing the transaction cost of property speculation; and preventing excessive expansion in mortgage lending. The above measures aim to reduce the risk of a property bubble while preventing public policies from causing unnecessary fluctuations in the property market.

8. One of the four measures mentioned above is to strengthen the regulation of the sale of uncompleted first-hand private residential flats. Through the Lands Department’s Consent Scheme and the guidelines issued by the Real Estate Developers Association of Hong Kong, THB has strengthened the regulation of the sale of these flats in the past one to two years, including standardising the definition of “saleable area” and the format of the price list. Developers are also required to show the prices in “saleable area” of individual flats and to make public transactions of uncompleted residential properties within 5 working days after the signing of the Preliminary Agreements for Sale and Purchase, etc. so that home buyers are better informed about the properties and their transaction prices for enhanced consumer protection.

9. We are exploring further measures to strengthen the regulation of the sale of uncompleted first-hand private residential flats, including strengthening the regulation of show flats.

10. Also, to reduce the potential risk of speculation in luxury flats, the Government will increase the rate of stamp duty on transactions of properties valued more than \$20 million to 4.25% with effect from 1 April this year.

Applications for deferred payment of stamp duty will not be allowed for such transactions.

11. Recently, there are public concerns that many people cannot afford to purchase a flat following the surge in private property prices. There are views that the Government should revitalise the Home Ownership Scheme (HOS) Secondary Market and resume the building of HOS flats, etc. to assist the general public, especially the younger generation, in acquiring home ownership. The FS has indicated earlier that the decision of the Government to suspend building HOS flats was a major one and it is not going to re-enter the market lightly. To purchase a property or not is a matter of personal choice and affordability.

12. We should also be aware that HOS flats are a form of subsidised housing. When eligible persons purchase HOS flats from the HA, they immediately enjoy discounts on the market value. They are only required to pay the premium, according to the respective discount rates at which the flats have been offered, to cover the difference in the market value when they sell or let these flats in the open market in the future. About 40% of the existing HOS flats were sold at a discount rate of below 35%, while the remaining 60% were sold at a discount rate of 35% or above, with the highest reaching 60%.

13. All along, the land for the HA's HOS development has been provided by the Government. At present, our land supply can only sustain the Government's objective of maintaining the average waiting time for PRH at about three years. The Government is tackling the problem of rising property prices at source by providing a steady supply of land, with a view to maintaining an equitable and stable environment for the free and efficient operation of the property market. To further enhance the supply of small and medium-sized residential flats, the Government will liaise with the Mass Transit Railway Corporation and the Urban Renewal Authority to increase the supply of these types of flats. The Government is also prepared to sell by open tender a site of about 1.2 hectares near the West Rail Long Ping Station in Yuen Long for private residential purpose, and will increase the supply of small and medium-sized flats by specifying in the land sale conditions the minimum number of flats and the minimum and maximum floor area to be built. Regarding the supply of small and medium-sized residential flats in the market, there were 9 900 transactions of small and medium-sized residential flats in the market in the first two months of this year, which accounted for 44% of all transactions of residential properties in the same period.

14. Moreover, more than 250 000 HOS flats of which premium has not been paid may be sold in the Secondary Market. By promoting the turnover of these flats, we can also boost the supply of small residential flats. The Housing Department (HD) is actively exploring possible means to revitalise the HOS Secondary Market, and assessing various proposals to see whether they could help those who can in the long run afford and are in genuine need of purchasing their



own homes. The HD will also consider whether the supply and demand in the HOS market can be effectively matched, and the HA's financial liabilities and risks, etc. We are now actively collecting data for the assessment. It is expected that HA will conduct discussions on the various feasible options and further details from May onwards. Also, the Hong Kong Housing Society has put on sale all 838 surplus flats under its Sandwich Class Housing Scheme (SCHS) this month. When HA discusses the sale of surplus HOS flats at the end of the month, THB will propose to put on sale the remaining over 4 000 surplus HOS flats in one go. We believe that there will be a significant increase in the supply of small and medium-sized residential flats in the next few months.

### **Conclusion**

15. To conclude, the Government will continue to allocate resources to assist low-income families to resolve their housing problems through HA. We will monitor closely the development of the private residential property market and take steps to enhance its stability and transparency. We will address the aspirations of the community by increasing the supply of small and medium-sized residential flats through the revitalisation of the HOS Secondary Market and the sale of surplus HOS and SCHS flats. My colleagues and I will be pleased to answer questions from Members. Thank you Madam Chairman.

**Transport and Housing Bureau**  
**March 2010**

**Presentation by Secretary for Transport and Housing  
at the Special Meeting of the Finance Committee  
on Tuesday, 23 March 2010**

Honourable Chairperson,

Today, I would like to brief Members on the part of the Estimates and our priority areas under the Transport portfolio in the new financial year.

2. The allocation for the transport portfolio in the new financial year is \$21.8 billion, which includes the provision required for the implementation of a number of cross-boundary and domestic transport infrastructure projects this year.

3. In the past year, we achieved significant progress on various **transport infrastructure projects**. The Kowloon Southern Link and the Tseung Kwan O Extension (Phase II) were commissioned in mid-2009, and the construction of the West Island Line started in mid 2009, with a view of completion in 2014. As for the Hong Kong-Zhuhai-Macao Bridge, works in respect of the Main Bridge commenced in mid December, and we will continue to press ahead the works of Hong Kong Boundary Crossing Facilities and Hong Kong Link Road projects to tie in with that of the Main Bridge. After years of public discussions and detailed planning, the Finance Committee of the Legislative Council approved the funding application of the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL) in January 2010. The construction of the Hong Kong section of the XRL has started, with a view of completion in 2015. Moreover, Phase I works for the widening of Tolo Highway commenced in August 2009, while the Central-Wan Chai Bypass and Island Eastern Corridor Link project started construction in January 2010.

4. As for projects that are in planning, the statutory process of consultation and objection handling for the South Island Line (East) and the Kwun Tong Line Extension commenced after their respective gazettal in July and November 2009, with a view to commencing the works in 2011. We will also continue our consultation work on the Shatin to Central Link so as to press ahead the subsequent planning and design work. At the same time, we will continue with the preparatory work for other projects including the Tuen Mun-Chek Lap Kok Link and Tuen Mun Western Bypass, the Central Kowloon Route and the Tseung Kwan O-Lam Tin Tunnel, etc.

5. On **civil aviation**, we will strengthen Hong Kong's position as an international and regional aviation centre on various 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. We have recently completed the review of the Air Transport Licensing Authority's regulatory regime, and began in late February consulting the relevant stakeholders on the initiatives arising from the review. Moreover, we will continue to work with the Hong Kong Airport Authority in implementing the airport mid-field expansion project and aim to complete the Airport Master Plan 2030 Study within the year.

6. On **maritime and logistics development**, we will continue to reinforce Hong Kong's status as an international maritime centre and a regional logistics hub. We will continue to better our shipping register service and continue to collaborate with the shipping industry to promote the professional maritime services in Hong Kong. To ensure sustainable development of Hong Kong port, as well as strengthening its competitiveness, we commissioned a consultancy study in March 2009 to look into the preliminary feasibility of constructing Container Terminal 10 at Southwest Tsing Yi. The study is expected to complete in 2011. Moreover, we are taking forward a project to deepen the Kwai Tsing container terminal basin and its approaches to 17 m to meet the needs of the new generation of ultra-large container ships.

7. On the **logistics development** front, we are actively following up on the development of a logistics cluster in the Kwai Tsing area. Terms conducive to attracting professional third party logistics service providers and international brands to use Hong Kong as their regional distribution centres would be incorporated in the land leases as appropriate. This would facilitate the migration of the logistics sector to the provision of high value-added services and the handling of high value goods. We plan to release the first site, which is in Tsing Yi through open tender in the second half of this year. Separately, we shall continue to work with the industry to promote e-logistics, as well as to implement measures which would help enhance the operating efficiency of the sector. In parallel, we shall continue to work closely with the Mainland authorities so as to strengthen Hong Kong's position in the global supply chain.

8. Regarding **traffic management**, the Government is taking forward a consultancy study on how the traffic distribution among road harbour crossings may be improved, with a view to identifying options feasible in transport, financial and legal terms. We expect that the consultancy study will be completed in the first half of 2010. The Government will keep an open mind in considering various options that would enable the Government to implement more reasonable toll levels and improved the traffic distribution. Upon receipt of the consultancy report, we will consider carefully from different perspectives the findings of the study and feasibility of the recommendations. We will share with the public the consultant's recommendations and the Government's considerations, and listen to their views.

9. On **road safety**, we will continue to enhance road safety through legislative, enforcement and educational measures. The random breath testing introduced since February last year has deterred drink driving to a certain extent. As at the end of 2009, there was a significant decrease of 67% in traffic accidents that were related to drink driving, as compared with the same period in the previous year. Combating drink driving will continue to be a major task this year. We are going to introduce a Bill, which aims to increase the penalties on drink driving offences, for examination in the second quarter. On the other hand, we understand the public concern about traffic accidents caused by motorists who drive under the influence of drugs, particularly dangerous drugs. Therefore, another major task this year will be tackling the drug driving problem. In this regard, we are drawing reference from overseas experience in considering test methods to differentiate a motorist who drives under the influence of drugs. We will also study how the legislation should be amended to better facilitate the enforcement action and evidence collection by the Police, including the need for heavier penalties to deter drug driving. We hope to formulate some initial proposals for public consultation in around mid-2010.

10. Besides, to enhance the safety of public light bus service, the Transport Department will firstly introduce a new condition in the vehicle licence and passenger service licence of public light buses requiring all public light buses to be installed with a speed limiter. The Transport Department has already notified registered owners and holders of passenger service licence of public light buses that the new condition will take effect on 7 June 2010. All public light buses will, from that date onwards, be required to be installed with a speed limiter approved by TD within three months from the effective date of the new vehicle licence. We also plan to introduce in 2010-11 legislative session proposals to govern the installation of speed limiter, stipulate the maximum speed limit for public light buses, specify the requirements of black box for newly registered public light buses, and require applicants for public light bus driving licence to attend a pre-service training course.

11. Chairperson, in conclusion, we have a clear way forward. We will continue to press ahead with our strategic cross-boundary and domestic transport infrastructure projects. We will also reinforce Hong Kong's status as an international and regional aviation, maritime and logistics hub. My colleagues and I will maintain close communication with the LegCo with a view to winning Member's support to our works.

12. My colleagues and I would be pleased to answer questions from Members. Thank you Chairperson.

**Transport and Housing Bureau  
March 2010**

**Presentation by Secretary for Food and Health  
at the Special Meeting of the Finance Committee  
on Wednesday, 24 March 2010**

Madam Chairman and Honorable Members,

Recurrent government expenditure on health in 2010-11 is \$36.9 billion, which amounts to 16.1% of the overall recurrent government expenditure, representing an increase of more than \$1.5 billion over that of 2009-10. Recurrent health expenditure of the Government has increased by a total of \$6.4 billion or more than 20% since 2007-08. The Government will continue to improve and increase the funding for its health services. By 2012, the recurrent expenditure on health will increase to 17% of the overall recurrent government expenditure.

2. Here below I shall give a brief account of the main uses of this year's additional resources as well as our healthcare reform and tobacco control.

**Public Healthcare Services**

3. First on the main uses of the additional resources.

4. The financial provision for the Hospital Authority (HA) in 2010-11 is estimated at \$34.1 billion, representing an increase of about \$1.4 billion or 4.3% over that for last year. The additional provision allocated to the HA will be used for implementation of a series of improvement schemes, which include the following major items:

- (1) the number of drugs in the Drug Formulary to be increased with 38 200 patients expected to be benefited each year;
- (2) the training for nurses to be strengthened with the number of nurse graduates estimated to be increased to 1 400 in 2010, an increase of 40% over 2009;
- (3) the number of cataract surgeries to be increased to benefit 8 500 patients;
- (4) establishment of a specialist centre for joint replacement to take care of 750 more patients each year, an increase of 40% in comparison with last year;
- (5) haemodialysis services to be strengthened for renal patients;

- (6) a case management programme on cancer treatment to be introduced for 1 100 patients; and
- (7) mental health services to be strengthened with the provision of a case management programme for 5 000 patients with severe mental illness and a personalised care programme for 7 000 patients with common mental disorders.

5. In the area of public health, the Government will allocate \$42 million to step up the inspection of drug manufacturers, conduct more random tests on drugs in the market and expedite the processing of applications for drug registration. In addition, the Government will also spend \$36 million for developing safety standards for about 200 Chinese herbal medicines.

### **Healthcare Reform**

6. Now I turn to healthcare reform, which involves service reform and financing reform.

#### ***Primary Care***

7. Various service reforms are already being implemented, with reform of primary care being a key focus. Since last year the Government has implemented a series of pilot programmes to enhance primary care in collaboration with the HA. Over the next three years, we will allocate some \$600 million for expansion of these programmes. We will also set up a dedicated office to co-ordinate the overall development of primary care as well as the implementation of various improvement measures.

8. Meanwhile, we also plan to complete a report on the long-term development strategy of primary care and make public within this year. The strategic directions for development include the development of a primary care service model with an emphasis on preventive care, establishment of a primary care directory, as well as setting up community health centres or networks on a trial basis.

#### ***Healthcare Financing Reform***

9. The issue of healthcare financing is a matter of public concern. We are now devising a supplementary healthcare financing scheme, under which members of the public who can afford will have the choice to participate in a health insurance cum medical saving scheme. The details of the scheme are still being worked out, but our proposals will be based on the following broad principles –

- (1) As indicated in the Policy Address, the scheme will be operated on the basis of voluntary participation instead of being a mandatory one;
- (2) Basic terms of the insurance cum saving scheme will be set out and standardized by the Government in order to ensure that the interest of members of the public is adequately safeguarded. We encourage the insurance industry to participate, though the Government may need to consider setting up the health insurance as a public one if necessary;
- (3) We will consider how to use the \$50 billion earmarked by the Government in the fiscal reserve for implementing the healthcare financing reform to encourage public participation in the scheme;
- (4) The Government's commitment to healthcare services would not be reduced as a result of the scheme, but the scheme can redress the imbalance between the public and private healthcare sectors and be conducive to the healthy development of our healthcare system in the long term; and
- (5) The scheme can benefit all strata of the community. People with greater affordability can participate in the scheme directly, allowing the public healthcare system to have greater capacity to take better care of lower income families.

10. The public consultation is planned to be conducted in the latter half of this year.

### ***Tobacco Control Policy***

11. Finally I turn to tobacco control. This year's Budget proposed to abolish the duty-free concessions on tobacco products for incoming passengers. The implementation of this proposal requires legislative procedures and is expected to take effect in the third quarter of this year the soonest. In the coming year, I shall closely monitor the effectiveness of various tobacco control measures, and consider making a proposal to the Financial Secretary to increase Hong Kong's tobacco duty in the coming year. At the same time, we will step up our efforts in enforcement and publicity on tobacco control. The annual funding allocated to the Tobacco Control Office under the Department of Health will be increased by 40% to \$87 million this year.

12. Madam Chairman, my colleagues and I are now happy to answer questions from Members.

**Presentation by Secretary for Food and Health  
at the Special Meeting of the Finance Committee  
on Wednesday, 24 March 2010**

Madam Chairman and Honourable 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.

2. In the 2010-11 Estimates, about \$5 billion has been earmarked for recurrent expenditure in the policy portfolio of "Food Safety and Environmental Hygiene", representing an increase of more than \$180 million over the previous year. Apart from provisions for the ongoing work, two spending areas are worth noting this year:

- (1) 460 million for handling food safety matters, including 12 million for the outsourcing of testing work for samples of routine food surveillance; and
- (2) 4.5 million additional provision for providing fishermen with free training courses on sustainable fishery operation modes and launching a pilot fish hatchery scheme.

**Food Safety**

3. I will now proceed to the subject of food safety and prevention and control of avian influenza. As you all know, we are working on the Food Safety Bill to ensure better food traceability in the event of a food incident and to strengthen food safety protection. The detailed policy proposals of the Food Safety Bill gained the support of the Panel on Food Safety and Environmental Hygiene in February and we are on schedule to submit the Bill to the Legislative Council in June. I hope that, with your support, the scrutiny of the legislation will be completed as soon as possible.

4. Meanwhile, the Centre for Food Safety will continue to take food samples for testing at the import, wholesale and retail levels. In 2009, the Centre for Food Safety took a total of over 64 000 food samples for testing, with an overall satisfactory rate of 99.7%.



## **Prevention and Control of Avian Influenza**

5. On the prevention and control of avian influenza, various Government departments remain highly vigilant. In the wake of the outbreaks of avian influenza among chickens at the retail level and in local farms in 2008, the Administration has promptly imposed the ban on overnight stocking of live poultry at the retail level and introduced the buyout scheme for live poultry trade, which led to a substantial decrease in the number of live poultry traders. We have also required all local chicken farms to further enhance their biosecurity measures.

6. With the implementation of these measures, the risks of avian influenza outbreaks have been significantly reduced. We are now examining whether it is still necessary to develop a Poultry Slaughtering Centre previously proposed in the face of high risks of avian influenza. This is mainly about a scientific study on risk assessment and management. Meanwhile, we are conducting a commercial viability study and in this connection, we have commissioned a consultant to re-assess market interest in running a Poultry Slaughtering Centre. Besides, we are also studying the trend of public demand for live chickens. We will consult the LegCo on whether a Poultry Slaughtering Centre should be developed once the detailed analytical results of these studies are available.

7. Madam Chairman, my colleagues and I are happy to answer questions from Members.

**Presentation by Judiciary Administrator  
at the Special Meeting of the Finance Committee  
on Wednesday, 24 March 2010**

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 2010-11, a total provision of \$1,115.6 million is sought to enable the Judiciary to achieve its objectives.

**2010-11 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 2010-11 to the Administration in July 2009, prior to the Administration's drawing up of the budget for the Judiciary. The Judiciary considers that the above budgetary arrangements have been working satisfactorily, and that the Administration has been helpful in the process.

3. The draft Estimates of 2010-11 for the Judiciary, amounting to \$1,115.6 million, represents an increase of \$106.7 million, or 10.6 %, over our revised estimates for 2009-10. This would provide adequate resources for the Judiciary to remunerate Judges and Judicial Officers (“JJOs”) at all levels of courts, engage additional temporary judicial manpower to help improve waiting times in pressure areas and recruit additional support staff to meet the needs arising from the increased level of judicial and registry services.

**Enhancement of Judicial and Staff Manpower**

4. Starting from late 2008, the Judiciary has launched a series of open recruitment exercises to recruit Judges of the Court of First Instance of the High Court, District Judges and Permanent Magistrates. Since September 2009, a total of 34 judicial appointments, comprising 9 Judges of the Court of First Instance of the High Court, 12 District Judges and 13 Permanent Magistrates have been made as a result of these recruitment exercises. Further announcements of judicial appointments will be made in due course. The successful recruitment of a substantial number of JJOs has greatly enhanced the substantive judicial manpower position of the Judiciary in 2010.

5. To provide support to the increased level of judicial services and enhance the administration and services of the Judiciary, the Judiciary has

launched open recruitment exercises for civil service staff in the Judicial Clerk and Bailiff grades in early 2010 and is planning to launch a recruitment exercise for Court Interpreters in the next few months. In addition, the Judiciary expects that more civil service vacancies in the clerical grade will be filled during the coming financial year. It is anticipated that the successful recruitment of civil service staff will greatly enhance the support staff manpower position of the Judiciary in 2010-11.

#### Continued Deployment of Additional Temporary Judicial Resources

6. The Judiciary will continue to engage and deploy temporary judicial and support staff resources to help reduce waiting times in pressure areas. For the next financial year, the Judiciary will pay attention to three major areas.

7. First, it is noted that the waiting times in the High Court are lengthening, and in certain cases, have exceeded their targets. In particular, it is noted that the pressures are more acute in the criminal and civil fixture cases in the Court of First Instance. This was mainly due to the increased workload and the growing complexity of cases involved. In 2009, the criminal and civil caseload in the Court of First Instance of the High Court has increased by 37% and 23% respectively when compared to 2008; and the average length of hearings/trials for both criminal and civil cases has also increased by 3%. To cope with the increasing workload, the maximum number of deputy judges permissible by the number of courtrooms available are engaged to help reduce the waiting times in the High Court. At present, 6 deputy High Court Judges are engaged. In February 2010, the Finance Committee of the Legislative Council has approved funding for the Judiciary to construct three additional courtrooms in the High Court. Upon the completion of the works in December 2011, it is expected that the Judiciary would have greater flexibility to deploy temporary judicial resources to cope with any further increases in the caseload in the High Court.

8. Secondly, it is noted that the waiting times of the District Court are also lengthening. As far as criminal cases are concerned, this is mainly due to an upsurge in caseload, representing an increase of 16% in 2009 when compared to 2008. As regards civil cases, the waiting time (though still within target) increased because some judicial resources were deployed to help reduce the waiting times in the Family Court and the Lands Tribunal in 2009. Having regard to the heavy workload of the District Court and to prevent the situation from deteriorating further, the Judiciary intends to inject additional temporary judicial resources to the District Court in 2010. It is planned that two additional deputy district judges will be engaged in the second quarter of 2010, one for hearing criminal cases and the other for hearing civil cases. To make this possible, courtrooms currently located in the Lands and Labour Tribunal will need to be used to hear civil cases in the District Court.

9. Thirdly, the Judiciary will continue to keep a close watch on the waiting times in the Magistrates' Courts. Having regard to the steady caseload and the deployment of adequate judicial resources, the waiting times for charge cases are well within targets. For summons cases, with the injection of additional temporary judicial resources in 2009, the waiting time has been further brought down from 78 days in 2008 to 63 days in 2009. The Judiciary will continue to monitor the situation closely and will consider engaging additional deputy judicial resources to help reduce the waiting times in the Magistrates' Courts if needed.

### **Civil Justice Reform and Mediation**

10. The implementation of the Civil Justice Reform in April 2009 went smoothly, and it will take some time for the Reform to fully settle in. A Committee chaired by the Chief Judge of the High Court is monitoring the work of the reformed system. The Judiciary Administration will brief the Panel on Administration of Justice and Legal Services of the Legislative Council on the matter at the appropriate time.

11. A key feature of the Civil Justice Reform is the facilitation by the court of the settlement of disputes by encouraging parties to engage in mediation. The relevant Practice Direction came into force on 1 January 2010. To support the implementation of this Practice Direction, the Judiciary has injected additional staff resources to set up a new Mediation Information Office in January 2010 to serve the parties in court and facilitate them to seek mediation from the professional bodies. The new Mediation Information Office in the High Court Building, together with the well established Family Mediation Co-ordinator's Office in the Family Court and the Building Management Mediation Co-ordinator's Office in the Lands Tribunal, enhance the services provided by the Judiciary in promoting and facilitating the use of mediation in dispute resolution.

### **Conclusion**

12. 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.

13. Thank you.

**Presentation by Secretary for Justice  
at the Special Meeting of the Finance Committee  
on Wednesday, 24 March 2010**

Chairman and Members,

Thank you, Chairman and Members. I believe members are familiar with the work of the Department of Justice which is delivered through five programmes areas, namely: Prosecutions, Civil, Legal Policy, Law Drafting and International Law. The estimated expenditure of the Department amount to \$1,009.9M in 2010-11. Let me highlight some of our major activities in the coming financial year.

**Programme 1 - Prosecutions**

2. The Prosecutions Division will continue to enhance the rule of law and prosecute cases firmly and fairly and in accordance with published prosecution policy guidelines. We are mindful that prosecutors must at all times apply the highest levels of professionalism. In the light of the increasing workload and complexity of cases, the Prosecutions Division, under the leadership of our new Director of Public Prosecutions, is critically examining the work practices with a view to improving both the quality of work and efficiency of the Division.

3. During the year, new counsel will report duty and they will receive intensive training in all aspects of prosecutorial responsibility. At the same time, our programme of continuing legal education for existing prosecutors will be tailored to deal with current trends and issues. All prosecutors will be constantly reminded of the high standards expected of them and the important task they perform as ministers of justice.

**Programme 2 – Civil**

4. The Civil Division provides litigation support and advisory services to various Government bureaux and departments as may be required on a wide range of civil law issues. The experience we had in 2009 was no less challenging in terms of the volume, complexity and urgency of the tasks we performed. We also witnessed the implementation of the Civil Justice Reform and its impacts on all litigators especially with the operation of the new Practice Direction issued by the Judiciary in relation to the use of mediation since 2 January 2010.

5. We expect that judicial review proceedings raising constitutional law and human rights issues will continue to remain as the focus of challenges in

litigation against the government. In the coming financial year, the full-fledged dedicated team will be in place to provide legal support in matters arising from claims or legal proceedings under the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment.

6. The workload of the civil advisory front will also remain heavy taking into account the need to advise on many on-going and new policy initiatives.

### **Programme 3 – Legal Policy**

7. The Department of Justice will continue to facilitate the development of Hong Kong into a regional centre for legal services and dispute resolution. In the coming financial year, we will work closely with the Bill Committee scrutinising the Arbitration Bill with a view to seeking its early enactment. The Bill seeks to unify the domestic and international arbitration regimes on the basis of the UNCITRAL (United Commission on International Trade Law) Model Law. We hope that the second reading debate of the Bill can be resumed before the end of 2010.

8. As an alternative means of dispute resolution, mediation is taking root in Hong Kong. The development of mediation should be neutered and facilitated and the Department of Justice will continue its facilitative role in this regard. We are now consulting the public on the 48 recommendations made by the Working Group on Mediation. Subject to the outcome of the public consultation exercise which will be completed in May 2010, we will seek to implement the recommendations with a view to facilitating the more effective and extensive application of mediation in both commercial disputes and those at the community level.

9. We would also seek to maximise the opportunities to promote our legal services to targeted service users. The Expo 2010 will be launched in Shanghai in May 2010. This will be an excellent opportunity to demonstrate Hong Kong's achievements and vision. The Department of Justice will collaborate with various Hong Kong legal professional bodies to organize a one-day forum in Shanghai on 6 July 2010 to reach out to our targeted services users including Mainland enterprises and lawyers and to present to them Hong Kong's attributes as a leading legal services and dispute resolution centre.

10. On the legislative front, we propose to introduce further amendments to the Legal Practitioners Ordinance in 2010 to enable solicitors in Hong Kong to practise in limited liability partnerships (LLP), we would also proposes to introduce a Matrimonial Proceedings and Property (Amendment) Bill into the Legislative Council, the Bill would aim to empower Hong Kong courts, in certain circumstances, to deal with ancillary relief matters after recognition of a foreign decree of divorce.

## **Programme 4 – Law Drafting**

11. The Law Drafting Division will continue to provide professional drafting and advisory service on demand by the policy Bureaux.

12. We are enhancing the accessibility of legislation by taking steps to make the English and Chinese texts more readable and comprehensible. These include measures to simplify the language and to promote greater uniformity and consistency in its use, the adoption of a gender-neutral drafting policy and improvements to the appearance of our legislation.

13. A feasibility study on the establishment and maintenance of a verified and authenticated electronic database of Hong Kong legislation has been completed in January 2010. We are considering the recommendations of the feasibility study.

## **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, transfer of sentenced persons and international child abduction cases.

15. In the past year, our counsel have participated actively in the work of the Hague Conference on Private International Law ("Hague Conference") as members of the Chinese delegation. We will continue to contribute to the work of the Hague Conference especially in the Asia Pacific Region. We would also explore additional ways to strengthen regional cooperation including the possibility of establishing a regional office of the Hague Conference in the HKSAR.

## **Expenditure**

16. As mentioned earlier on, the financial provision for the whole Department for 2010-11 is \$1,009.9M which is 3.7% (or \$35.8M in dollar terms) higher than our revised estimated expenditure for 2009-10 (which is \$974.1M). This increase is mainly due to the filling of vacancies and net creation of 37 posts to cope with increasing demand for legal services. I would like to take this opportunity to thank LegCo Members for supporting the creation of two permanent DPGC posts, respectively in the Prosecutions and Civil Divisions, with effect from 1 April 2010. We would also be seeking Members' support for the creation of a time limited contract directorate post to facilitate the further development of mediation. With these and the non-directorate posts that we would

be creating in the coming financial year, the Department would be well placed to rise up to the work challenges.

17. We will continue our practice of briefing out cases to private sector lawyers where appropriate. Our total provision for briefing-out expenditure in 2010-11 is \$199.8M, which is 3.3% higher than the corresponding 2009-10 revised estimates of \$193.4M.

### **Staffing**

18. In 2009, 20 new Government Counsel have joined the Department. We are conducting another Government Counsel recruitment exercise to fill existing and anticipated vacancies and we expect the new recruits to join the Department in the latter part of the year.

### **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.

20. Thank you.



**Presentation by Secretary for Security  
at the Special Meeting of the Finance Committee  
on Wednesday, 24 March 2010**

**Chairman,**

- In the draft Estimates for the new financial year (2010-11), the allocation on the security policy area group is \$34.4 billion, representing 10.8% of the total government expenditure. The two policy areas of Internal Security and Immigration Control under my responsibility will account for \$30.5 billion. The remaining \$3.9 billion is allocated to the four policy areas of Administration of Justice, Anti-corruption, Legal Administration and Legal Aid.

**Law and Order**

- In 2009, the overall crime figure and the violent crime figure registered a decrease of 1.1% and 1.6% respectively as compared with 2008. Most categories of crimes — such as robberies, burglaries, wounding and serious assault as well as indent assault — also decreased in number. Overall speaking, the law and order situation of Hong Kong has remained stable. The Police will as always remain alert to maintain the law and order of the society.
- The major operational targets of the Commissioner of Police for 2010 include combating violent crimes, triad activities, “quick-cash” crimes, terrorism, trafficking and abuse of drugs, offences related to visitors and illegal immigrants, and road safety.
- The Police will also create new posts with a view to strengthening the overall counter-terrorism capability and enhancing the capability of the Very Important Person Protection Unit.

**Immigration Control**

- We will continue to facilitate people from around the world to come to Hong Kong for visit, business and investment. We will also strive to provide efficient immigration clearance services and at the same time, uphold effective immigration control and maintain law and order.

### **Individual Visit Scheme**

- As regards Mainland visitors, since the implementation of the Individual Visit Scheme (IVS) in 2003, there have been more than 47 million visitor-arrivals to Hong Kong under the scheme, bringing considerable benefits to tourism, retailing and related sectors. Following the implementation of the “multiple journey individual visit exit endorsements valid for one year” to permanent residents of Shenzhen, the Mainland authorities had extended the IVS to non-Guangdong residents in Shenzhen since 15 December last year. In the first two months of 2010, there were more than 2.5 million visitor-arrivals under the IVS, a jump of 26% over the same period last year. The Immigration Department and relevant departments will continue to monitor the passenger flow closely and put in place relevant facilitation measures to ensure the smooth operations at control points. In 2010-11, the Immigration Department will recruit some 100 staff.

### **Admission of Talent**

- The Quality Migrant Admission Scheme was launched in June 2006 to attract talent from around the world to come to settle in Hong Kong. Changes have been made to the scheme since January 2008, including lifting the upper age limit, adjusting the marking scheme and streamlining the assessment of extension of stay applications from successful applicants. So far, approvals have been given to 1 572 applicants to come to Hong Kong. They come from different professions and industries, ranging from finance, accounting as well as sports and arts.

### **Capital Investment Entrant Scheme**

- We welcome investors to come to Hong Kong for investment. From October 2003 to end-2009, 5 953 applicants were given formal approvals to reside in Hong Kong under the Capital Investment Entrant Scheme. They invested a total of \$42.1 billion, or an average of \$7.07 million per entrant. The scheme benefits various local sectors, such as the development of financial services, and indirectly creates many job opportunities.
- As we have indicated to the Legislative Council earlier, the investment made under the scheme only represented approximately 1% of the total transaction value of the property market, hence, should not have significant effect on the overall price. In fact, property price mainly hinges on factors such as supply and demand, interest rate and investment environment etc. Furthermore, Hong Kong is an open market and investors can come to Hong Kong for investment through different channels.

## **e-Channels**

- We will continue to enhance our services through the use of technology. The Immigration Department has commenced a pilot scheme on Express e-Channels since March 2009 to shorten the clearance time for Hong Kong residents to eight seconds. So far, one million residents have enrolled. We have also implemented the immigration convenience measures between Hong Kong and Macao since December last year. Eligible Hong Kong residents may enjoy automated clearance services at Macao control points. So far, more than 150 000 Hong Kong residents have enrolled for the service. As regards e-Channels for visitors, the number of enrolled users is around 120 000. The Immigration Department will continue to promote the service.

## **Screening of torture claims and combating illegal employment**

- An enhanced torture claim screening mechanism has been implemented since December 2009. The Administration now provides a subvention to the Duty Lawyer Service, for the latter to provide publicly-funded legal assistance to needy claimants. We have also appointed adjudicators with legal professional background, to rule on petitions against screening decisions independently. The Administration will continue to devote efforts to the fair and effective screening of torture claims. In the coming year, additional manpower will be deployed in the handling of claims. We will also put forth this year the draft legislation for a statutory screening mechanism to be set up.
- To combat illegal employment, the Immigration (Amendment) Bill 2009 was passed by the Legislative Council in November last year. Stringent enforcement actions to combat illegal employment will continue, to reduce the economic incentives for illegal immigrants and overstayers to prolong their presence in Hong Kong. We note that since the legislation took effect in mid November, the number of torture claims received by the Immigration Department has declined, while the number of withdrawal and voluntary repatriation cases has gone up.

## **Assistance to Hong Kong residents overseas**

- We will continue to provide assistance to Hong Kong residents in distress outside Hong Kong. The Immigration Department will gradually enhance the “1868” hotline services in this year, such as increasing the capacity of the hotline and adding automatic call distribution function.
- Furthermore, the Immigration Department, in coordination with the Office of the Government Chief Information Officer, is exploring an e-registration system on GovHK platform to allow Hong Kong travellers to inform the Immigration Department of their itineraries and emergency contact information.

- As regards the Outbound Travel Alert System, we will take into account operational experience to exchange views with relevant trades and conduct review from time to time, with a view to enhancing the system.

### **Public Safety**

- In recent years, the Government has already stepped up fire safety inspections of licensed premises and taken action against operators who contravene the relevant regulations. Fire Services Department (FSD) will continue to adopt a 4-pronged approach for enhancing the fire safety of old buildings through publicity, law enforcement, checking and partnership with owners / occupiers and property management of buildings.
- After the No.4 Alarm Fire in the industrial building in Cheung Sha Wan, FSD has decided to conduct a survey of all industrial buildings in order to assess their current fire safety conditions and examine whether it is necessary to introduce improvement measures. During the survey, FSD will take fire hazard abatement action on the industrial buildings being surveyed. In addition, in the new financial year, FSD will create 10 additional posts to enhance live-fire and rescue training for frontline fire fighters.
- All along, the Security Bureau supports FSD to renew their equipment in order to protect the safety of frontline firemen. In the past few years, the Administration has allocated funding to FSD in a timely manner for the procurement of equipment. For instance, a total of \$45 million was earmarked in 2008-09 and 2009-10 for FSD to procure new breathing apparatuses; in 2009-10, \$170 million was allocated for the replacement of the radio communication system; and \$89 million was recommended to be earmarked in 2010-11 for the procurement of fire tunic and overtrousers that offers greater protection. In addition, we have earmarked over \$290 million in 2009-10 and 2010-11 for the procurement of fire appliances and equipment.
- In respect of the emergency ambulance services, FSD will create 44 additional ambulance officers and ambulancemen posts in the new financial year, so as to strengthen the management functions of ambulance services and increase ambulance shifts. Furthermore, we will step up publicity efforts to encourage more judicious use of ambulance services.
- In order to further enhance ambulance services, we propose to implement a Medical Priority Dispatch System (MPDS) in Hong Kong to prioritise emergency ambulance calls in accordance with the degree of urgency, so as to provide quicker response to patients in critical or life-threatening conditions. We conducted a public consultation on MPDS last year. In general, around 70% of the respondents supported the proposed MPDS. We are examining the comments collected and plan to report the outcome of the

consultation and the proposed way forward to the Panel on Security of the Legislative Council in April this year.

### **Custody and Rehabilitation of Offenders**

- CSD has been implementing different measures to address the problems of outdated penal facilities and overcrowding in some of our penal institutions. The new Lo Wu Correctional Complex will commence operation in the second half of 2010. The 1 400 penal places to be provided there will alleviate the overcrowding situation in female institutions. At the same time, CSD plans to handover the management of the Castle Peak Bay Immigration Centre to the Immigration Department next month so as to release the manpower to other (including redeveloped) penal facilities. The Immigration Department has also been actively preparing for the takeover, including the creation of 115 new posts. The vetting of the relevant subsidiary legislation is also in progress. I would like to thank the Members who have participated in the vetting for their valuable comments. We are studying the comments in detail so as to ensure that the rights of the detainees at the Castle Peak Bay Immigration Centre will continue to be safeguarded. We will report to the Subcommittee on the Subsidiary Legislation next week.
- To assist rehabilitated offenders' re-integration into society, apart from the ongoing provision of vocational training, CSD has since 2009 added the element of vocational training into the correctional industries. Prisoners are now given the opportunity to receive training during their work in prison workshop. The Department plans to provide about 1 100 training places to prisoners in 2010, which represents a 22% increase as compared with 2009. In addition, CSD will continue to appeal for community acceptance and support for rehabilitated offenders through public education and publicity activities.

### **Anti-drug Strategy**

- The Administration attaches great importance to youth drug abuse problem. As early as in 2007, the Chief Executive appointed the Secretary for Justice to lead a high-level interdepartmental Task Force on Youth Drug Abuse to formulate policies and measures to tackle the issue from different aspects. The Administration's strategy is to implement a comprehensive set of strengthened anti-drug measures following five-strategic directions promulgated by the Chief Executive, namely community mobilisation, community support, drug testing, treatment and rehabilitation, and law enforcement, in order to tackle the problem in a sustainable manner.
- In the last two financial years, the Administration allocated additional resources to implement short-term recommendations of the Task Force on Youth Drug Abuse. The 2010-11 Budget has set aside additional resources

of \$52 million to accelerate the drive. Main measures to be rolled out include opening four new Counselling Centres for Psychotropic Substance Abusers; increasing the manpower of the 16 teams of District Youth Outreaching Social Work teams; increasing 15 more police dogs and 15 police officers to enhance anti-drug operations; creating 9 posts of police school liaison officers (sergeants); purchasing hair drug testing equipment; increasing the capacity of youth drug treatment and rehabilitation centres subvented by the Department of Health; and increasing relevant manpower in different departments for implementing anti-drug measures.

- To demonstrate the Administration's resolve and to take the lead in mobilising the community to fight drugs, the Administration proposes a capital injection of \$3 billion into the Beat Drugs Fund (BDF). This will enable the BDF to generate an enhanced level of income and more resources to sponsor anti-drug programmes organised by various quarters of the community. We will seek the views of the Action Committee Against Narcotics and stakeholders in the anti-drug sector on details of the proposed injection before consulting the LegCo Panel on Security in April and following the established procedures to seek funding approval from the LegCo Finance Committee.

Chairman, this concludes my opening remarks. My colleagues and I will be happy to answer questions from Members.

***Security Bureau***

March 2010

**Presentation by Secretary for Education  
at the Special Meeting of the Finance Committee  
on Wednesday, 24 March 2010**

Madam Chairman,

The Government has been investing heavily in education to develop human capital in order to enhance social mobility and meet the ever-changing needs and challenges of Hong Kong. Recurrent expenditure on education has increased by 18 per cent over the past 10 years.

2. The total expenditure for the policy area of education for the 2010-11 financial year is estimated at about \$63.7 billion, representing an increase of \$4.9 billion as compared with the last year's revised estimate. It is the largest spending area of total government expenditure, accounting for about 20% of the total.

3. About \$52.2 billion of the total expenditure for education is recurrent in nature, taking up about 23% of recurrent government expenditure. As compared with the 2009-10 revised estimate, it has a growth of \$900 million.

**Budget initiatives**

4. The 2010-11 Budget has included a number of important initiatives.

5. Firstly, with effect from 2010-11, we plan to significantly increase the existing recurrent funding for the School-based After-school Learning and Support Programmes by \$100 million to \$175 million to strengthen after-school support for needy students. Under these programmes, the School-based Grant provided to schools will be doubled from the current rate of \$200 to \$400 per target student. The subvention under Community-based Project Grant will also be increased by more than 1.5 times to \$108 million to enable non-governmental organisations to organise more intense and broad range of after-school activities.

6. Since web-based learning and research on the Internet have become an integral part of learning, we plan to give a subsidy for Internet access charges in the 2010/11 school year to each low-income family with children studying in primary or secondary schools. We will also provide them with economical Internet services that meet learning needs through a non-profit making organisation. The start-up capital for these measures is \$500 million which will benefit around 400 000 students coming from about 300 000 families.

7. To alleviate the burden of needy families in the early recovery stage of the economy, we also plan to provide an allowance of \$1,000 at the beginning of the 2010/11 school year to students in kindergartens, primary and secondary schools and tertiary institutions receiving Comprehensive Social Security Assistance or student financial assistance, to meet their education-related expenses for the new school year. This measure will involve an expenditure of about \$570 million and will benefit over 500 000 students.

8. In the higher education sector, we plan to deploy \$1 billion to launch the fifth Matching Grant Scheme. For the first time, this will cover all 12 degree-awarding institutions, including the eight University Grant Committee-funded institutions, the Open University of Hong Kong, Hong Kong Shue Yan University, Chu Hai College of Higher Education and the Hong Kong Academy for Performing Arts, so as to support the diversified development of higher education. In addition, we have reserved six sites, including a site at the former Queen Hill's Camp with a gross floor area of more than 100 000 square metres, for the development of a self-financing tertiary institution. The Finance Committee has also approved in February this year an additional \$2 billion loan commitment for the Start-up Loan Scheme for post-secondary education providers to develop or refurbish campus premises. All these measures will help to strengthen Hong Kong's status as a regional education hub.

9. To further upgrade our biliterate and trilingual proficiency, we propose to inject \$500 million into the Language Fund to implement a series of measures. These measures include providing resources to secondary schools to introduce or optimise the school-based measures under the English Enhancement Scheme in order to complement the diversified medium of instruction mode and creating an environment conducive to learning English and Putonghua. We will also provide resources to assist non-Chinese speaking students to adapt to the local curriculum as soon as possible, encourage employees to raise their standards of English and Putonghua, and strengthen research on language education.

### **Continuation of Existing Education Initiatives**

10. Apart from the above new initiatives, we will continue to implement and enhance our existing initiatives in the 2010/11 school year. I would like to mention a few items in particular.

11. Firstly, the required expenditure for implementing small class teaching in public sector primary schools in the 2010/11 school year is about \$500 million. Full implementation would require about \$2.1 billion. In addition, we have earmarked about \$100 million for creating a one-year teaching post in each school implementing small class teaching in the 2010/11 school year. This is to enhance the learning and teaching in schools, and to ensure the smooth and effective implementation of small class teaching through practice and experience sharing. We also plan to allocate \$270 million from the Language Fund to



strengthen English teaching in primary schools.

12. On secondary education, the new senior secondary (NSS) academic structure was implemented in the 2009/10 school year. To enable secondary schools to focus and devote their efforts on the teaching and learning and implementation of the NSS, we strive to sustain school development and to maintain stability of the teaching force. In the past few months, we discussed with the stakeholders to work out some measures that are acceptable by all parties. We will soon announce the details of these related measures.

13. The fine-tuning of the medium of instruction arrangements will be implemented in the 2010/11 school year, starting from Secondary 1. In the six-year period beginning from this year, we have reserved a total of \$590 million to provide in-service training courses to non-language teachers and supply teachers to schools, assist teachers to master and apply the appropriate language in teaching different subjects, devise and adjust the curriculum in line with the school-based language policy so as to address the diverse learning needs of students.

14. On special education, we will provide special schools with additional school places and authorise schools to allow students with valid reasons to extend their years of study based on schools' professional judgement in accordance with the mutually agreed principles. Improvement measures will be implemented progressively starting from the 2010/11 school year. Upon full implementation, the additional recurrent expenditure is estimated to be over \$300 million a year.

15. Following our continuing efforts to implement various education initiatives for enhancing the quality of education, the Government's investment on education has been ever-increasing. Over the past 5 years, student/teacher ratio in primary schools has decreased from 18.4:1 to 15.8:1 while unit cost has increased from \$25,000 to \$33,000. In secondary schools, student/teacher ratio has decreased from 18.0:1 to 16.3:1 while unit cost has increased from \$33,000 to \$41,000. It is expected that the unit cost will be further increased upon the full implementation of small class teaching and NSS academic structure.

16. The Government's determination to enhance the quality of education is unquestionable. However, resources are not unlimited. We must carefully consider the overall allocation priorities of government resources when formulating policies.

17. Madam Chairman, my colleagues and I will be happy to answer questions from Members.

Education Bureau  
24 March 2010

**Presentation by Secretary for Labour and Welfare  
at the Special Meeting of the Finance Committee  
on Thursday, 25 March 2010**

Chairman and Honourable Members,

In 2010-11, government recurrent spending on social welfare and women's interests will reach \$39.7 billion, which accounts for 17.3% of the total recurrent government expenditure in 2010-11, second only to education. In comparison with the revised estimate for 2009-10, after discounting the additional one-off payments/allowances for Comprehensive Social Security Assistance (CSSA) and Social Security Allowance (SSA) recipients in the year, there is an increase of \$1.7 billion (4.6%) in current spending on social welfare. This year's Budget outlines a number of important initiatives to strengthen support particularly for the elderly and persons with disabilities (PWDs). They represent strategic directions in building a "caring society". Now, let me highlight how our Bureau will make use of our resources.

**Supporting the Elderly**

2. In 2010-11, the Government's estimated expenditure on elderly services, excluding that on public housing and public health services, amounts to \$4.01 billion, representing an increase of 5.6% compared with the revised estimate of last year.

3. We will allocate additional resources to implement a series of measures in support of the elderly, including:

- \$160 million to provide a total of 1 087 additional subsidised residential places for the elderly, including 818 nursing home (NH) places. Of this sum, additional recurrent funding of \$93 million is for providing about 740 additional subsidised NH places by increasing the ratio of NH places in existing contract residential care homes for the elderly (RCHEs) and purchasing vacant NH places from self-financing NHs and RCHEs; \$22 million is for providing 260 additional subsidised long-term care places offering a continuum of care by utilising available space in existing subvented RCHEs; \$13 million is for providing 90 subsidised NH or care and attention places in a newly built contract RCHE; and \$22.5 million to enhance the support for subvented RCHEs providing places with a continuum of care;

- additional funding of \$5 million to launch a three-year pilot scheme to provide RCHEs with visiting pharmacist services, with a view to further strengthening their capability in drug management and enhancing their quality of care.
- additional recurrent funding of \$8.8 million to provide a total of 115 additional subsidised day care places for the elderly;
- funding of about \$55 million earmarked under the Lotteries Fund (LF) to implement a three-year pilot scheme, so as to provide tailor-made home care services for elders on the waiting list for NH places and are living at home; and
- additional funding of \$4 million to extend the District-based Scheme on Carer Training to Neighbourhood Elderly Centres, with a view to strengthening the support to carers of elders.

4. These initiatives will help address the growing demand for subsidised residential and community care services, and further enhance the quality of elderly care services.

### **Rehabilitation Services for Persons with Disabilities**

5. For rehabilitation services, additional allocation will be provided to enhance various rehabilitation services, medical social service and rehaus service.

#### *Increasing the number of places for rehabilitation services*

6. We will provide additional recurrent funding of about \$60 million in 2010-11 to increase the number of places for various rehabilitation services. Altogether, 268 additional residential care services places for PWDs will be provided. Coupled with the allocation already earmarked, we expect to provide a total of 939 subsidised residential care places in the coming two years. This increase represents around 14% of some 6 700 PWDs currently on the waiting list for subsidised residential care places. Compared with the 517 subsidised places increased over the past three years, it shows beyond doubt that Government is committed to providing residential care places for the PWDs. It is noteworthy that of the new places to be provided, about half of them (460 places) are provided for persons with severe disabilities facing relatively longer waiting time.

7. On the other hand, we will provide 154 additional places for pre-school services. Coupled with the allocation already earmarked, we expect to provide a total of 316 places for pre-school services in 2010-11, providing suitable training and support to the needy children and their families.

8. To strengthen the provision of training for PWDs, we will provide 160 additional places for day training and 100 additional places for vocational rehabilitation services. Coupled with the allocation already earmarked, we expect to provide a total of 290 places for day training and 420 places for vocational rehabilitation services in 2010-11.

*Strengthening support for ageing service users in subvented residential care homes for persons with intellectual disability*

9. In view of the ageing trend of the service users in residential care homes for persons with intellectual disability, in 2010-11, the Government will allocate about \$40 million for providing additional health care staff for the Hostel for Severely Mentally Handicapped Persons and Hostel for Moderately Mentally Handicapped Persons with a view to strengthening physiotherapy and nursing care for ageing users of these residential care homes, thereby helping them to maintain physical health and basic self-care abilities. This is in line with our service development direction in providing continuum of care for users of residential care services.

*Strengthening the community support services for persons with severe disabilities*

10. The Government is mindful of the special caring needs of persons with severe physical and/or mental disabilities and the immense pressure faced by their family carers in caring for them at home. To strengthen the support for this most vulnerable group, \$163 million is earmarked under the LF to implement a three-year pilot scheme for providing persons with severe disabilities who are living in the community and are on the waiting lists for subvented residential care services with home-based care services. We will try out the new package of home-based support services in Tuen Mun and Kwun Tong districts with the largest number of persons with severe disabilities waiting for these residential services. Home-based persons care service, nursing care service, therapy and rehabilitation training will be provided by specialised care workers, therapist and nurse. We expect to serve 540 persons with severe disabilities within three years.

*Introducing statutory licensing scheme and a pilot Bought Place Scheme for residential care homes for persons with disabilities*

11. To regulate the operation of residential care homes for persons with disabilities (RCHDs) and ensure their service quality, we aim to introduce the Residential Care Homes (Persons with Disabilities) Bill into the Legislative Council in the second half of the 2009-10 legislative session to implement a licensing scheme for RCHDs. In tandem with the legislative proposal, we will formulate suitable complementary measures to help operators meet the licensing requirements. In this regard, \$64 million is earmarked under the LF to introduce a four-year pilot Bought Place Scheme with a view to encouraging private

operators of RCHDs to upgrade service standard of these homes, helping the market develop more service options for PWDs, and increasing the overall supply of residential care places. Under the pilot scheme, the Government will purchase around 100 places in the first year, building up to a total of 250 - 300 places from the second year onwards.

#### *Rehabus service*

12. To enhance the Rehabus service, the Government will provide additional funding of about \$8 million in 2010-11 to increase the Rehabus fleet to 119 by acquiring 4 new buses and replacing 6 old ones. The average vehicle age of the fleet will be 4.7 years. We will also allocate \$38.8 million to subsidise the recurrent expenditure of the Rehabus service in 2010-11. This allocation represents around 80% of its operating cost.

#### **Enhancing social rehabilitation services and medical social services for persons with mental health problems**

13. The Government is mindful of the needs of persons with mental health problems and their families/carers, and keeps under regular review the operation and provision of community support services in response to changing need. In March 2009, Social Welfare Department (SWD) set up the first “Integrated Community Centre for Mental Wellness” in Tin Shui Wai to provide one-stop, integrated and accessible community mental health support services to discharged mental patients, persons with suspected mental health problems, their families/carers and residents living in the district. In 2010-11, the Government will make an additional allocation of about \$70 million to expand this integrated service model across the territory, as well as to strengthen the manpower of these centres to provide comprehensive and accessible services to persons in need, and to complement the Hospital Authority (HA)’s “Case Management Programme” to provide timely support for patients with severe mental illness living in the community.

14. To dovetail with HA’s new initiative in providing support for newly discharged psychiatric patients, an additional funding of about \$6 million will be allocated to provide 14 additional psychiatric medical social workers to enhance the psychiatric medical social services for psychiatric patients and their family carers.

#### **Public education activities to promote the United Nations Convention on the Rights of Persons with Disabilities (UNCRPD)**

15. UNCRPD has entered into force for the People’s Republic of China, including the Hong Kong Special Administrative Region, since 31 August 2008. To promote the spirit and core values enshrined in the Convention, the Government will continue to substantially increase the allocation for the relevant

public education activities from around \$2 million annually to \$12.5 million in 2010-11. Promotion of the Convention is an ongoing initiative. We will continue to reinforce the promotion of UNCRPD and work closely with the rehabilitation sector and the community at large to build an equal and barrier-free society.

### **Women's Interests**

15. The Government has been working closely with the Women's Commission to promote women's well-being and interests through a three-pronged strategy, viz. the provision of an enabling environment, empowerment of women and public education. Last year, we assisted the Commission to successfully organise a large-scale conference entitled "Beyond Limits – Women in the 21<sup>st</sup> Century". In 2010-11, we have earmarked \$23.8 million to promote women's interests and support the Commission's work, including the implementation of the Capacity Building Mileage Programme to encourage women to pursue life-long learning and self-development, as well as the preparation of the third report on the implementation of the United Nations Convention on the Elimination of All Forms of Discrimination against Women in Hong Kong.

### **Combating Domestic Violence**

16. The Government is committed to combating domestic violence. Over the past few years, we have devoted additional resources to strengthen the support and specialised services for victims of domestic violence and families in need. With effect from 2010-11, SWD will provide a subvention of about \$5 million each year to a non-governmental organisation (NGO) to implement a new Victim Support Programme. Under the Programme, victims of domestic violence will be provided with emotional support and relevant information such as community resources, accommodation, and judiciary proceedings, etc. Company will be provided to victims undergoing the judicial process if necessary. In addition, the SWD will also continue its effort on publicity and public education to enhance public awareness of domestic violence problem, and strengthen the training for frontline professionals.

### **Promoting tripartite partnerships to help the disadvantaged**

17. The Government set up a \$200 million Partnership Fund for the Disadvantaged (the Fund) in 2005 to promote the development of tripartite partnerships among the business community, the welfare sector and the Government in helping the disadvantaged. Allocation from the Fund is disbursed on a matching basis to welfare NGOs which are able to secure sponsorship in cash or in kind from a business corporation for social welfare projects. As at end-January 2010, over \$103 million has been approved under the Fund for more than 90 NGOs, in collaboration with over 480 business

organisations, to implement a variety of welfare projects, benefiting more than 650 000 disadvantaged people. In view of the positive response, we will inject \$200 million into the Fund to encourage further cross-sector collaboration to launch more welfare projects to help the disadvantaged.

### **Social Security**

18. The social security system in Hong Kong is made up of the CSSA Scheme and the SSA Scheme, with the latter covering Old Age Allowance and Disability Allowance. Excluding one-off additional payments, the estimated total expenditure of these two schemes in 2010-11 is \$27.5 billion, which is around 4% higher than the revised estimate last year, representing about 12% of the total recurrent government expenditure, and about 69% of the total recurrent expenditure on social welfare.

#### *Providing one-off assistance for social security recipients*

19. Some people are still affected by the impact of the financial tsunami and have to face the emerging inflationary pressure. To alleviate their burden, and to encourage consumer spending in order to consolidate the recovery, the Financial Secretary has proposed a series of one-off measures, including allocating about \$1.9 billion to provide an additional month of the standard rate payment to CSSA recipients and one additional month of allowance to Old Age Allowance and Disability Allowance recipients. We expect this measure to benefit 1.11 million CSSA and SSA recipients, and we hope to be able to effect the payments in mid-2010.

20. Chairman, this concludes my opening remarks. My colleagues and I shall be happy to respond to questions from Members.

– End –

**Presentation by Secretary for Labour and Welfare  
at the Special Meeting of the Finance Committee  
on Thursday, 25 March 2010**

Chairman and Honourable Members,

Recurrent spending on labour and manpower development in 2010-11 is estimated to be \$1,139.3 million, representing an increase of \$5.97 million over the Revised Estimate last year. It accounts for 0.5% of the Government's recurrent expenditure. In 2010-11, we are committed to providing employment support and training to enhance employment and labour productivity. We will also continue to strive to promote harmonious labour relations, combat illegal employment and wage offences, and protect employees' rights and benefits. As regards the Minimum Wage Bill and the Employment (Amendment) Bill 2009 that we introduced into the Legislative Council (LegCo) last year, we will continue to work closely with the Bills Committees to facilitate early passage of the Bills. In parallel, we will continue to improve occupational safety and health to ensure adequate protection of workers. We will also continue with our efforts in manpower development. I am going to highlight some key areas of our work.

**Promoting Employment**

2. Employment is the key to people's livelihood and is always our key concern. As the economy gradually recovers, employment conditions have improved since mid-2009, with the latest unemployment rate for the period of December 2009 to February 2010 edging down to 4.6 per cent. In the first two months of this year, the Labour Department (LD) posted 87 924 private sector vacancies, up 8.3% over the corresponding period in 2009 (81 176).

3. We are committed to providing a wide range of employment services. In the Budget this year, the Financial Secretary announced that additional funding of \$173 million has been earmarked to implement two special measures to help job-seekers.

4. First, to address the problem of manpower mismatch and to enhance our labour productivity and employment, LD will launch a two-year "Pilot Employment Navigator Programme". Under this programme, a cash incentive of \$5,000 will be offered to each job-seeker who has worked for a continuous period of three months in a job with monthly salary of not more than \$6,500 after receiving LD's intensive employment counselling and job matching services. The programme will provide 11 000 places a year, involving an estimated expenditure of \$140 million over the two-year pilot period.



5. Second, we will strengthen our support for young people with special employment difficulties. LD will launch a targeted employment programme under which non-governmental organisations will provide training and internship for 12 months to young people, aged between 15 and 24 with low educational qualifications and who need special assistance because of emotional and behavioural problems or learning difficulties. The programme will provide 500 places, involving an estimated expenditure of \$33 million.

6. Upon approval by the Finance Committee for these new employment initiatives, we shall kick-start the programmes later this year.

### **Promoting Labour Relations**

7. Apart from providing employment service, we are also committed to maintaining good labour relations, which underpin Hong Kong's social harmony and economic prosperity. As a free-market economy, Hong Kong was as hard hit by the global financial tsunami as other economies in the world as witnessed by a spate of business closures, insolvencies and redundancies in late-2008 through the first half of 2009. LD left no stone unturned in containing the impact on labour relations. We proactively monitored, defused potential disputes and provided timely conciliation and assistance to affected employees. We worked closely with enterprises and employees' groups to foster harmonious labour relations. We also adopted a pragmatic approach to helping enterprises and employees resolve labour-management differences through dialogues as well as mutual understanding and adjustment.

8. In 2009, LD handled 24 448 labour disputes and claims, registering an increase of 18% over that in 2008. Despite the rise in the number of cases handled, LD still managed to keep a high level of settlement rate at above 70% (71.5%).

9. We will continue to promote the Employment Ordinance (EO) and its related amendments through organising a series of activities including meetings of the 18 Human Resources Managers Clubs in various trades and industries and nine industry-based Tripartite Committees, as well as roving exhibitions in various districts, so as to enhance public awareness on employment rights and benefits. We will continue to encourage employers to adopt good people management practices, and enhance public understanding of family-friendly employment practices through wide publicity of a new video in multiple channels.

### **Protecting Employee's Rights and Benefits**

10. To safeguard the employment opportunities of local workers, the Government takes rigorous enforcement action against illegal employment. In 2009, together with the Police and the Immigration Department, LD mounted 217 joint operations to raid establishments suspected of employing illegal workers.

We will keep up with our enforcement and publicity efforts to bring home the message that the Government does not tolerate illegal employment.

11. We have also spared no effort in combating wage offences. Last year, we secured a total of 1 314 convictions against wage offences, a rise of 37.2% over that of 958 convictions in 2008. As a result of more targeted enforcement action, there were 347 summonses where company directors or responsible persons were convicted of wage offences, representing a significant increase of 74.4% compared with 199 summonses of such nature in 2008. LD will continue to strengthen intelligence gathering and evidence collection and proactively conduct inspections to detect wage offences. If there is sufficient evidence, we will prosecute the employer and responsible persons involved for the wage defaults.

12. We have been conducting reviews of labour legislation from time to time so that it keeps pace with the socio-economic development of Hong Kong. With the passage of the Occupational Deafness (Compensation) (Amendment) Ordinance 2010 (“Amendment Ordinance”) in February 2010, the statutory benefits for persons with occupational deafness will be improved. The Amendment Ordinance also adjusts the proportion of Employees’ Compensation Insurance Levy (“Levy”) distributed to the Employees Compensation Assistance Fund Board and the Occupational Deafness Compensation Board to cater for their respective financial positions, and adjusts downward the overall Levy rate by 0.5 percentage point.

13. A regular review of the levels of statutory compensation under the employees' compensation-related legislation has also been completed. We will introduce a resolution into LegCo to propose raising the amounts of the relevant compensation items according to the review findings in order to catch up with wage increase in the review period.

14. In face of unstable external economic environment, the Protection of Wages on Insolvency Fund (PWIF) received a total of 7 260 applications in 2009, up 13% over the figure of 6 448 in 2008. LD will strive to assist employees affected by closure of business by expediting the processing of PWIF applications in order to reduce their financial hardship. In 2009, the number of PWIF applications processed by LD reached 7 404, representing a significant increase of 29% over the figure of 5 728 in 2008.

15. Moreover, we are deeply concerned about the failure of some employers to effect payment to their employees as awarded by Labour Tribunal (LT). The Administration introduced the Employment (Amendment) Bill 2009 into LegCo in July 2009 to create a new offence against employers who wilfully and without reasonable excuse default on payment of LT awards comprising wages and statutory entitlements which are underpinned by criminal sanction under the Employment Ordinance. This Bill is now being scrutinised by a Bills

Committee. We look forward to Members' support for the prompt passage of the Bill, which will represent a significant step forward in strengthening the protection of employees' benefits.

### **Statutory Minimum Wage**

16. We introduced the Minimum Wage Bill into LegCo in July 2009. This represents a significant milestone and breakthrough in protecting the well-being of our grassroots workforce. Our aim is to devise an optimal statutory minimum wage (SMW) regime which provides an hourly wage floor to forestall excessively low wages without, at the same time, unduly affecting our labour market flexibility, economic growth and competitiveness as well as causing significant adverse impact on the job opportunities of our elementary workers. The Bills Committee is examining the Bill, and we will continue to work closely with Members to facilitate the early passage of the Bill.

17. In parallel, we are undertaking preparatory work for the implementation of the SMW. The Census and Statistics Department released on 18 March 2010 the *2009 Report on Annual Earnings and Hours Survey*, which is used to support the setting of the initial SMW rate. The Provisional Minimum Wage Commission is calling for submissions of views with reference to the Report, as well as other relevant statistical data, to facilitate the conduct of prudent, objective and comprehensive analyses and deliberations on the initial SMW rate. We look forward to the active participation of the community in providing the Commission with their views or submissions.

### **Enhancing Occupational Safety and Health**

18. Safety and health at work in Hong Kong has improved significantly over the past decade, and there has been a steady decline in both the number and the rate of occupational injuries in 2009 as compared with 2008. For the first three quarters of 2009, the number of occupational injures in all workplaces stood at 29 601, down 7.7% on the corresponding period in 2008. The injury rate per thousand employees also dropped from 16.1 to 15.0, down by 6.7%. During the same period, the construction industry recorded 2 083 industrial accidents with an accident rate of 56.0 per thousand workers, representing a decrease of 7.5% and 7.9% respectively. We will keep up our efforts in further promoting occupational safety and health and reducing accident tolls.

19. We will continue to actively promote safety and health at work through enforcement, publicity and education. In view of the successive commencement of major infrastructure projects, the planned introduction of the Mandatory Building Inspection Scheme and Mandatory Window Inspection Scheme towards the end of 2011 as well as the launching of various measures to assist property owners to carry out building repair and maintenance works, LD will strengthen its enforcement and promotional efforts on construction hazards such as

work-at-height, scaffolding works, repair and maintenance works, use of electricity, tower crane operations, construction vehicles and mobile plants to deter unsafe practices. On occupational health, we will launch a focused publicity and enforcement campaign targeting outdoor workplaces with a higher risk of heat stroke, such as construction sites, outdoor cleansing workplaces and container yards, to ensure adequate protection of workers. We will also continue with our publicity programmes to raise employers' and employees' awareness of the prevention of occupational diseases and work-related diseases.

### **Manpower Development**

20. The Employees Retraining Board (ERB) will continue to provide comprehensive and quality training and retraining services to help the local labour force adapt to the changing market needs and manpower requirements of the Hong Kong society.

21. In response to the economic situation and market needs, the ERB plans to continue to provide at least 123 000 training places in 2010-11, and has reserved resources for providing an additional 20 000 training places. The ERB will closely monitor the changes in the labour market and adjust the allocation of training places flexibly to meet the needs.

22. We will conduct a fresh round of the Manpower Projection (MP) in the first half of this year to assess Hong Kong's future manpower supply and demand at the macro level. The projection will cover all the economic sectors and occupational groups in our economy, including the six priority industries. The relevant policy bureaux responsible for the development of the six priority industries will implement appropriate measures and ensure the provision of suitable training in light of the MP findings so that there will be sufficient manpower and professionals to meet the development needs of the industries. The MP is expected to be completed within 2011.

### **Transport Support Scheme**

23. The Government is fully aware that there is a substantial body of opinion that transport expenses have brought pressure to low-income employees. We will conduct a focused study on how to ease the burden of transport expenses on low-income employees. We expect to complete the study and draw up specific measures by the end of the year. We will then consult the relevant panels of the Legislative Council. In his Budget speech, the Financial Secretary has made it clear that the Government would make suitable financial provisions, depending on the findings of the study.

24. Before the completion of the study, the existing Transport Support Scheme (TSS) will remain in force to assist job seekers and low-income employees in four designated remote districts - North district, Yuen Long, Tuen Mun, and Islands.

25. Chairman, this concludes my opening remarks. My colleagues and I shall be happy to respond to questions from Members.

– End –

**Presentation by Secretary for Home Affairs  
at the Special Meeting of the Finance Committee  
on Friday, 26 March 2010**

Chairperson,

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 \$9,621 million in 2010-11. Our priority areas with additional resources provided in the new financial year are as follows:

**Arts and Culture**

2. On the arts and culture front, we hope to reserve a provision of \$486 million in recurrent expenditure over the next five years for arts programme development, audience building and enhancement of arts education and manpower training, with a view to strengthening Hong Kong's cultural software in light of the development of the West Kowloon Cultural District (WKCD). In this regard, we will-

- (a) sustain the provision of additional resources to nine major performing arts groups, and support small and medium-sized arts groups and individual artists in developing quality programmes, promoting outreach activities and advancing cultural exchanges;
- (b) provide additional resources to the Hong Kong Arts Festival for programme enrichment and further brand-building;
- (c) line up trainee programmes to provide more internship positions and training opportunities for arts administrators;
- (d) support student participation in cultural activities, and encourage their attendance at and appreciation of arts programmes by way of guided tours, seminars and other activities outside the classroom setting; and
- (e) step up the promotion of public art and organise more popular arts and cultural activities with a view to integrating the arts into our community.

## **Development of Cantonese Opera**

3. Cantonese opera was officially inscribed onto the United Nations Educational, Scientific and Cultural Organisation's Representative List of the Intangible Cultural Heritage of Humanity on 30 September 2009, making it the first item of world intangible cultural heritage in Hong Kong. We propose to inject \$69 million from the above additional funding into the Cantonese Opera Development Fund to further support various Cantonese opera preservation, promotion and development projects, including \$9 million for the "Hong Kong Cantonese Opera Troupe for New Talent" Three-Year Grant Scheme to nurture new talents.

4. On the provision of performance venues, we will seek approval for the provision of approximately \$730 million funding for the construction of an annex building at the Ko Shan Theatre. This multi-purpose and modernized venue will provide a full range of facilities to support the development of Cantonese opera, including a medium-sized theatre for staging innovative and experimental performances, professional training facilities, as well as an exhibition hall and a resource centre.

## **World Expo in Shanghai**

5. Shanghai will host the World Expo from May to October this year. This is another premier event that will put our country in the international spotlight since the Beijing Olympics. To showcase the creativity of Hong Kong to both the Chinese and international audiences, the Leisure and Cultural Services Department will organise a series of arts exhibitions and co-ordinate various performances by local arts groups in Shanghai during the Expo period. The Hong Kong Arts Development Council will also encourage arts groups to stage performances in Shanghai during the same period.

6. The Budget 2010-11 delivered in late February demonstrates the Government's sustainable and long-term commitment to the development of the arts, culture and sports in Hong Kong. We will inject \$3 billion into the Arts and Sport Development Fund (ASDF) as seed money and use the annual investment returns to subsidise the long-term development of the arts, culture and sports. It is our plan that the injected fund will be divided equally between the arts and sports portions of the ASDF. Based on an annual rate of return of 5%, it is estimated that the annual investment returns for each portion will be approximately \$75 million, which, we believe, will facilitate the further development of the arts, culture and sports in Hong Kong.

7. Therefore, we will provide additional resources of over \$800 million (excluding the cost of capital works) over the next five years for the promotion of the arts and culture. We are committed to enriching the spiritual life of our citizens, nurturing a society that savours the arts and culture through appreciation

and participation, inspiring creativity and promoting diversified cultural developments, and capitalising on the opportunities offered by the WKCD project to boost the city's standing in the world cultural map.

### **Sports Development**

8. In 2010-11, we will continue to promote the development of sport in Hong Kong in accordance with the following three strategic directions: to help our elite athletes achieve excellence; to develop a strong sporting culture in the community; and to raise our profile as a centre for international sports events.

### **Support for Football**

9. We have announced the findings of the consultancy study on football development and are planning to implement a series of measures to promote the development of the sport in Hong Kong. We have consulted the Legislative Council Panel on Home Affairs the Members of which are generally supportive of the proposed measures. In the next few years, we plan to provide additional resources to support the development of local football, with a view to raising the professionalism of football teams and strengthening the development of young players. The Football Taskforce will shortly start work.

10. To enhance the promotion of football and other team sports that have greater potential to appeal to the general public, we plan to facilitate the hiring of high-performance coaches, the organisation of more training programmes and the fielding of more athletes in international competitions at various levels by the national sports associations (NSAs).

### **Feeder Programmes**

11. We also wish to extend the feeder programmes to more sports, and to provide subvention to NSAs so that they can organise more school sports programmes, development schemes and district-based competitions. We hope these programmes will encourage young people to pursue healthy lifestyles, develop team spirit and a sense of responsibility, and resist the temptations of drugs and other bad habits, as well as helping to identify and develop more outstanding athletes for Hong Kong.

12. We will continue to implement other existing measures, including providing support for athletes' preparation for and participation in international events, and helping NSAs organise more major sports events.

13. Earlier this month (March), the Hong Kong Sports Institute returned from its temporary base at Wu Kwai Sha Youth Village to its refurbished venue at Fo Tan. The redevelopment of the HKSI is progressing well. In the coming year, we will continue to cooperate with the HKSI closely to monitor the implementation of the redevelopment project, with a view to providing the



optimum training environment and facilities for our athletes as early as possible.

14. This concludes my opening remarks. My colleagues and I will be glad to answer questions from Members. Thank you.

**Presentation by Secretary for Development  
at the Special Meeting of the Finance Committee  
on Friday, 26 March 2010**

Chairman,

- I would like to thank Members for their interest in the Draft Estimate of the Development Bureau. The Controlling Officers under my purview have provided replies to 133 written questions raised by Members accounting for the use of resources in the works portfolio. They are here to respond to any further questions that Members may wish to raise.
- In 2010-11, the allocation for the Development Bureau for its recurrent expenditure on works portfolio is \$8,256.33 million, representing an increase of \$325.34 million or 4.1% as compared with the revised estimate of \$7,930.99 million for 2009-10.
- The initiatives of the Development Bureau outlined in the Financial Secretary's Budget Speech have been set out in the paper submitted to the LegCo Panel on Development for discussion at the meeting to be held next Tuesday (30 March). I would like to take a few minutes to brief Members on several priority tasks of the works portfolio in the new financial year.

**The Overall Infrastructure Programme**

- The Government has invested heavily in infrastructure to promote economic development, create employment opportunities and enhance the long-term competitiveness of Hong Kong. In the past years, we have pressed ahead with construction projects of various scales, including the ten major infrastructure projects (Ten Major Projects) and other major and minor works. The progress of capital works projects in 2009-10 has been very satisfactory and the revised estimate of the Capital Works Programme of \$45.1 billion is \$5.8 billion (15%) higher than the original estimate of \$39.3 billion. When compared with the actual expenditure of \$23.4 billion in 2008-09, there is an increase of over 90%. The projects that have entered into construction phase in 2009-10 include Kai Tak Development, Hong Kong-Zhuhai-Macao Bridge, Hong Kong Section of Guangzhou-Shenzhen-Hong Kong Express Rail Link, Central-Wan Chai Bypass and Wan Chai Development Phase 2, Harbour Area Treatment Scheme, stage 2A, and various campus improvement projects for the new "3+3+4" academic structure.

- With the implementation of the various major projects, the capital works expenditure will increase from the 2009-10 revised estimate of \$45.1 billion to \$49.6 billion in 2010-11. Major works projects expected to start in the next financial year include the Kai Tak Cruise Terminal Building, Harbour Area Treatment Scheme, stage 2A - upgrading of Stonecutters Island sewage treatment works and preliminary treatment works, and Town Park, Indoor Velodrome-cum-Sports Centre in Area 45 of Tseung Kwan O. The estimated \$49.6 billion expenditure will provide 62 500 full year job opportunities in the construction industry, comprising 6 600 job opportunities for professional/ technical staff and 55 900 job opportunities for workers. In addition, the allocation in 2010-11 for minor works, which are generally more labour intensive, has reached \$8.53 billion.

### **Manpower Resources in Construction Industry**

- It is anticipated that there would be a large number of public works projects coming on stream in the coming years. The Construction Industry Council (CIC) has conducted a manpower research and the findings reveal that the local construction industry at the technical/supervisory and worker level is facing an acute ageing problem and possible skills mismatch in individual trades. In order to tackle the manpower challenges at the technical/supervisory and worker level, the Financial Secretary announced in the 2010-11 Budget that \$100 million has been earmarked to support the CIC to strengthen the training and retraining of the local construction personnel, to enhance the skills and competitiveness of in-service construction workers and to attract more people to join the construction industry through promotion and publicity activities. Furthermore, the Government will, together with the construction industry, take the lead to improve the practice of the industry by introducing best practices in public works projects to further enhance the safety, working environment and conditions in construction sites. I believe that these measures can help attract fresh blood to the industry and meet the manpower needs of future construction projects. I will consult the views of Members of the LegCo Panel on Development next Tuesday (30 March) with a view to seek funding approval from the Finance Committee shortly for implementation of the measures.

### **Safety**

- The portfolios of the departments under the Development Bureau cover several areas of public safety. Incidents that took place in the past have reminded us of the need to maintain a high degree of vigilance to enhance the protection of public safety in various aspects. To address this, efforts have been made in the following areas.

### **Lift Safety**

- In the past year, the Electrical and Mechanical Services Department (EMSD) has revised the Code of Practice for Lift Works and enhanced its work on inspection, training, procurement arrangement, publicity and public education to raise the lift safety standard of private buildings in Hong Kong. Furthermore, our Bureau and the EMSD have started a comprehensive review of the Lifts and Escalators (Safety) Ordinance with a view to improving operational efficiency of the enforcement work and tightening up the control of maintenance practices. The three-month public consultation period ended recently on 28 February 2010. We are now consolidating the views collected during the consultation and will formulate a proposal for legislative amendment, taking into account feedback from the industry and the public.

### **Slope Safety**

- With the completion of the 10-year Extended Landslip Preventive Measures Programme mainly targeting at substandard government slopes by the end of 2010, we are now implementing a Landslip Prevention and Mitigation Programme (LPMitP). The LPMitP will be implemented on a rolling and risk management basis to deal with the landslide risks associated with the natural hillside catchments and the remaining man-made slopes. A risk-based priority ranking system will be used to determine the ranking of slopes and slope works will be carried out according to a risk-based priority list.

### **Tree Safety**

- Thanks to the support of Members, we have created two directorate posts, i.e. the Principal Assistant Secretary (Greening, Landscape and Tree Management) and the Head of Tree Management Office, to facilitate full implementation of the improvement measures recommended in the “Report of the Task Force on Tree Management”. We are conducting open recruitment, both locally and overseas, and in-service recruitment for the two posts. The recruitment for the two posts is expected to be completed in the third quarter of this year.
- Meanwhile, the Greening, Landscape and Tree Management (GLTM) Section, and the Greening and Landscape Office and the Tree Management Office under it were set up on 1 March this year. The GLTM Section will be responsible for overall coordination and providing policy steer to the executive departments in their greening, landscape and tree management work to ensure seamless integration from landscape planning and design in the upstream to tree management in the downstream with a view to building a greener environment for Hong Kong.

- In addition, we will create 33 non-directorate posts in seven executive departments and allocate additional resources to enhance tree management in the coming year. A tree unit will be set up in one of these departments, the Lands Department, in April this year, so that there will be professional staff within the Department for direct execution of tree management work so as to streamline the work process.

### **Minor Works Safety**

- As regards minor works, we have implemented a series of measures to enhance their safety standards. These include, inter alia, such measures as enhancing the preventive maintenance mechanism for buildings through regular or irregular inspection and investigation for early detection and handling of maintenance problems; upgrading the risk assessment capacity for minor works by strengthening training for frontline staff and upgrading the information system of the Repair Call Centre of Government buildings; strengthening the supervision and management of the quality and safety of works projects, including stepping up the inspection of high-risk minor works, and enhancing minor works management procedures and system, etc.

### **Total Water Management**

- In 2009, the total fresh water consumption in Hong Kong was 952 million cubic metres. We expect that with the supply of water from Dongjiang and local sources, our existing water supply arrangement will be adequate to cope with the projected demand up to the year 2030. Nevertheless, there is no room for complacency. To cater for uncertainties such as drastic climatic changes and low rainfall, and to enhance the partnership of Hong Kong with other cities in the Pearl River Delta, Hong Kong should make its contribution to water conservation in the region. In this respect, we have formulated a Total Water Management Strategy for the period up to 2030, with emphasis on containing the growth of water demand through conservation. To achieve this, we have been stepping up public education to promote water conservation; promoting the use of water saving devices; strengthening the control of leakage through implementation of the replacement and rehabilitation programme for aged water mains and the use of new technology to improve pressure management and leakage detection; and taking forward the extension of the seawater flushing supply system. On the other hand, we are committed to strengthening our work on the protection of water resources and are actively considering water reclamation (including the re-use of grey water and rainwater) and developing a seawater desalination plan to enhance our management on water supply. We will brief the LegCo Panel on Development in May on the progress of the Total Water Management being implemented.

## Conserving Central

- The Chief Executive has announced in his 2009-10 Policy Address several innovative projects aiming at conserving Central for our future generations and lifting this distinct area in Hong Kong to a new height. With efforts made in the past half year, we are making good progress for the projects.
- **Central Market** : The Urban Renewal Authority (URA) will rehabilitate and revitalise the Central Market into a “Central Oasis” to provide some much needed space and greenery amidst the hustle and bustle of Central for the working population and residents in Central and the general public. The URA has set up the Central Oasis Community Advisory Committee, and conducted an opinion survey to collect public views. It has also commissioned consultants to conduct a structural investigation of the building. The results and findings will be used in formulating the possible usage of different floors of the building.
- **The Original Site of the Former Central School (Former Police Married Quarters on Hollywood Road)** : The site will be transformed into a creative industries landmark which will provide space for the display and sale of creative products, and studios for different creative sectors, education and training centre related to creative industries, as well as lodgings for visiting artists, etc. The Development Bureau and the Commerce and Economic Development Bureau are inviting proposals from interested organisations.
- **Murray Building** : We will commence the planning process within one to two months to amend the zoning of Murray Building site on the outline zoning plan for hotel use.
- **Central Government Offices Complex** : Based on the recommendation of the heritage consultancy study on the Central Government Offices, the Government has decided that the Main and East Wings will be allocated for use by the Department of Justice. The Antiquities and Monuments Office is taking stock of and reviewing the inventory list of items with historical value in the Main and East Wings. The West Wing which has lower historical and architectural significance will be demolished. Part of the site will be for commercial use. The Planning Department is formulating development guidelines for the West Wing site, and will take into full consideration the recommendations of the consultancy study and various land use and planning factors.
- **Hong Kong Sheng Kung Hui Compound** : The Hong Kong Sheng Kung Hui proposes to redevelop its Compound on Lower Albert Road, Central to provide more diversified non-profit making community services. It will preserve the existing four historic buildings within the Compound and it proposes to move part of its facilities in Central to the existing site of Sheng

Kung Hui in Mount Butler. The project is non-profit making and will be highly beneficial to the society in terms of enhanced community services and the promotion of heritage conservation. The Government is following it up with the Hong Kong Sheng Kung Hui and will be taking proactive steps to tie in with the implementation of the project.

- **The Central Police Station Compound** :The Government is actively taking forward the conservation and revitalisation of the Central Police Station Compound project in partnership with the Hong Kong Jockey Club (HKJC). To address the concerns and views of the public on the project (including the height and bulk of the new structure), HKJC is working with its consultants to prepare a revised design.
- **The Former French Mission Building (currently the Court of Final Appeal)** : We will continue to conserve this declared monument after the vacation of the Court of Final Appeal in or after 2014. The future use of the building has yet to be decided at the present stage and we intend to take forward the project through an open process. We welcome views from the community on the most suitable adaptive re-use of the building.

## **Conclusion**

- 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 Development  
at the Special Meeting of the Finance Committee  
on Friday, 26 March 2010**

Chairman,

- 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 213 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.
- My 2010-11 Recurrent Expenditure on Planning and Lands is \$3,378.07 million, representing a decrease of \$52.45 million (or 1.5%) compared with the revised estimate of \$3,430.52 million for 2009-10.
- In 2010-11, there will be an increase of 22 civil service posts, all of which are non-directorate posts. This includes staffing for the new tree unit and a dedicated team to process centrally applications for redevelopment and conversion of industrial buildings.
- The DEVB's measures included in the Financial Secretary's Budget Speech are detailed in our paper submitted to the Legislative Council Panel on Development for discussion by Members at the meeting to be held next Tuesday (30 March). Now, I would like to take a few minutes to brief Members on several priority tasks of the Planning and Lands portfolio in the coming financial year.

**Review of the Outline Zoning Plans**

- We are aware of the community's aspiration for a better living environment and have started to review the Outline Zoning Plans (OZPs) of various districts in a progressive manner since 2007. Priority is given to areas subject to high development or redevelopment pressure and areas of special setting and character (e.g. areas around Victoria Harbour and within view corridors to important ridgelines) which warrant particular attention. There are altogether 109 OZPs in Hong Kong and 58 of them are subject to review.
- The review of OZPs is an on-going task for which the Town Planning Board (TPB) and the Planning Department (PlanD) have devoted a huge amount of time and resources. The Town Planning Ordinance specifies clearly the



statutory public consultation procedures to be followed by the TPB when preparing or amending the OZPs.

- The review of OZPs is highly controversial with both supporting and objecting views. Among the 58 OZPs subject to review, the TPB has so far reviewed 14 OZPs and part of three other OZPs, and imposed, as appropriate, building height restrictions. 10 of these have been approved by the Chief Executive in Council. For the OZPs that have been reviewed, the TPB received a total of 2 235 representations/objections, 1 366 comments and 36 further representations in respect of the building height restrictions.
- The PlanD will continue to assist the TPB in the review of the OZPs. As the number of representations/objections/comments received for each OZPs in the review process varies and the affected parties may challenge the TPB's decisions through legal channels, we are unable to draw up a concrete timetable for completing the review.

### **Sustainable Built Environment**

- The Council for Sustainable Development (the Council) conducted a four-month public engagement process entitled “Building Design to Foster a Quality and Sustainable Built Environment” to gauge public views on a number of issues regarding sustainable built environment. The Council is now consolidating the views collected and aims to submit its recommendations and report to the Government in mid-2010. The Government will carefully consider the recommendations in the report in deciding the way forward.
- Should the Government decide to revise the current policy initiatives, we will seek the views of the relevant organisations, including the Legislative Council, on the details of the recommendations through established channels.

### **Review of the Urban Renewal Strategy**

- Launched in July 2008, the two-year Review of the Urban Renewal Strategy (URS) has already entered Stage 3 “Consensus Building”. Having completed the “Envisioning” and “Public Engagement” Stages, we note that a consensus in urban renewal has emerged on the following three directions: (1) a district-based approach; (2) a people-centred and bottom-up approach; and (3) a blend of the old and the new.
- Stage 3 “Consensus Building” will end in the middle of this year. After considering the views from the community, we will prepare a new URS to provide guidance for future urban renewal work.

## **Revitalising Industrial Buildings**

- After the announcement by the Chief Executive on the new measures to optimise the use of industrial buildings in his 2009-10 Policy Address delivered in mid-October last year, we have been earnestly preparing for the launching of these measures on 1 April this year. The Head of the Development Opportunities Office, representatives of the relevant departments and I have attended more than 30 meetings, seminars and luncheons to brief stakeholders on the new measures and to listen to their views, so as to ensure a smooth and effective implementation of the new measures. We have also announced to the public the specific arrangements of the new measures through different channels, including press conferences, media interviews and websites.
- On 19 March, the Director of Lands published a Practice Note which sets out the application arrangements for redevelopment and wholesale conversion of industrial buildings under the new measures for the reference of potential applicants and professionals employed by them. In addition, the Lands Department will also set up a dedicated team on 1 April to process centrally all applications for redevelopment and conversion of industrial buildings under the new measures.

## **Building Safety**

- The building collapse incident in Ma Tau Wai highlights the importance of building safety and the serious problem of poor maintenance of old buildings. The latter is a complicated issue which has to be addressed by a four-pronged approach, namely, legislation, law enforcement, support measures and public education.
- Regarding legislation, I have moved the second reading of the Buildings (Amendment) Bill 2010 (the Bill) on 3 February in the Legislative Council. The Bill proposes to implement the Mandatory Building Inspection Scheme and the Mandatory Window Inspection Scheme. The Bills Committee has already started to examine the Bill and the third meeting will be held on 31 March. The DEVB will give full assistance to the Bills Committee, with a view to completing the scrutiny of the Bill as early as possible.
- Furthermore, the legislative process for the minor works control system was completed at the end of last year. The system aims to provide a lawful, simple, safe as well as convenient means for building owners to carry out small-scale building works so as to enhance the safety standards of building works and facilitate owners' compliance. We have started the registration for minor works contractors and are now running a large-scale publicity campaign to encourage minor works practitioners to register as soon as

possible. Our target is to fully implement the minor works control system within 2010.

- With regard to law enforcement, as the large scale operation to remove unauthorized building works (UBWs) will complete by the end of March 2011, the DEVB is now conducting a review with the Buildings Department (BD) on the outcomes and the way forward. The review will cover the priority and foci of the various aspects of work undertaken by the BD and its overall staffing requirement, with a view to stepping up preventive actions regarding building safety in the long run. In our review and planning, we will pay particular attention to whether the new initiatives could absorb the non-civil service contract staff currently employed by the BD.
- In the past few years, the DEVB, BD, Urban Renewal Authority (URA) and Hong Kong Housing Society (HKHS) have offered different financial support schemes to assist private building owners. We will examine if there is room for further consolidation among the various support schemes so as to better meet the needs of the owners.
- In respect of public education, our target is to promote a culture of building safety in Hong Kong and ensure that all stakeholders, including building owners, occupants, building professionals, contractors and workers, give due attention to building safety. A safe built environment can only be maintained when all parties concerned fulfil their own duties.
- The responsibility to maintain building safety ultimately lies with building owners, which is also the key message we are going to get across in our future public education programmes. In our publicity activities, we will focus on the benefits of extending the life span of a building and enhancing its property value by proper maintenance and management; the risk of fatal incidents from unsafe building works, illegal alteration of building structure and unauthorised structure; and the legal responsibilities shouldered by building professionals, contractors, workers and owners.

### **"Operation Building Bright"**

- I am grateful to Members of the Finance Committee for approving on two occasions in the past year a total funding allocation of \$1.7 billion for Operation Building Bright, making it possible for the Operation, which aims to preserve employment and improve safety of old buildings, to be launched within a short time. In the 2010-11 Budget, the Financial Secretary has announced his proposal to allocate an additional funding of \$500 million for Operation Building Bright to provide targeted assistance to owners of old buildings who cannot co-ordinate maintenance works on their own, including owners of buildings without owners' corporations.

- As at 5 March 2010, the HKHS and URA had issued "notices of approval-in-principle" to 999 eligible Category 1 target buildings (i.e. buildings with owners' corporations). Some of the owners' corporations concerned commenced the repair works in the third quarter of 2009, including appointing building professionals and registered contractors to co-ordinate and carry out maintenance and repair works. The Administration has also selected 615 buildings as Category 2 target buildings (i.e. buildings where owners are not capable of co-ordinating repair works). If their owners are unable to organise repair works by themselves, the BD will carry out the works on their behalf.
- To date, the total number of Category 1 and 2 target buildings assisted by Operation Building Bright is 1 614. Among them, 66 have completed repair, 201 are carrying out the works and the remaining will commence the works in due course. Since its launch, this Operation which aims to preserve employment has created jobs for around 5 900 building professionals, technicians and workers. According to the experience obtained from those buildings which have commenced repair works, each target building can generate about 20 job opportunities.
- We will report the latest progress to the Panel on Development in the middle of the year, and we will also seek the Panel's view on our proposal to apply to the Finance Committee for the additional funding of \$500 million.

## **Conclusion**

- 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.