



Legislative Council
of the
Hong Kong Special Administrative Region
Finance Committee

Report on the examination of the
Estimates of Expenditure 2014-2015

July 2014

Finance Committee

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Chapter I : Introduction

1.1 At the Legislative Council meeting on 26 February 2014, the Financial Secretary of the Hong Kong Special Administrative Region Government introduced the Appropriation Bill 2014. Following the adjournment of the Bill at Second Reading and in accordance with Rule 71(11) of the Rules of Procedure, the President of the Legislative Council referred the Estimates of Expenditure to the Finance Committee for detailed examination before the Bill was further proceeded with in the Council.

1.2 The Finance Committee set up under Rule 71(1) of the Rules of Procedure comprises all Members of the Council except the President. The Committee held 20 sessions of special meetings over five days from 31 March to 4 April 2014 to examine the Estimates of Expenditure. The purpose of these special meetings is to ensure that the Administration is seeking a provision no more than is necessary for the execution of the policies of the Government for 2014-2015.

1.3 To facilitate the smooth conduct of business, members of the Committee were invited to submit written questions on the Estimates of Expenditure using a web-based application system. A total of 6 660 written questions were received and forwarded to the Administration for replies. The Administration undertook to provide replies to at least the first 3 300 before the special meetings and to the remaining questions before the third Budget meeting of 16 April 2014. In this connection, a total of 3 300 replies were provided before the special meetings and the remaining 3 360 questions were provided before the third Budget meeting. Members' questions and the Administration's replies have been uploaded onto the Council's website.

1.4 Each session of the special meetings from 31 March to 4 April 2014 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

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the meetings were referred to the respective panels for follow up, where necessary.

1.5 A total of 232 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 2014 on 9 April 2014. A summary of the number of the questions and additional requests for information is given in **Appendix II**.

1.6 The attendance of members and public officers at the special meetings is given in **Appendix III**. The speaking notes of Directors of Bureaux, the Secretary for Justice and the Judiciary Administrator at the special meetings are contained in **Appendix IV**.

1.7 This report, published in both Chinese and English, would be presented to the Legislative Council on 9 July 2014 in accordance with Paragraph 53 of the Finance Committee Procedure.

Chapter II : Civil Service

2.1 At the invitation of the Chairman, Mr Paul TANG, Secretary for the Civil Service ("SCS") briefed members on the civil service establishment and the financial provisions related to the policy area of central management of the civil service (Appendix IV-1).

Training and development of civil servants

2.2 Mr SIN Chung-kai noted that 28, 33 and 30 civil servants participated in the civil service exchange programme with the Mainland in 2011, 2012 and 2013, respectively, and the expenditure incurred for the programme for the respective years were \$440,000, \$450,000 and \$360,000. Mr SIN sought clarification on whether the average expenditure incurred for each participant was about \$12,000 to \$15,000. He opined that work experience in the Mainland civil service might not be of much practical value for Hong Kong civil servants, and suggested the Administration conduct exchange programmes with other overseas countries.

2.3 Permanent Secretary for the Civil Service ("PSCS") replied that the civil service exchange programme with the Mainland formed part of the national studies programmes organized by the Civil Service Training and Development Institute ("CSTDI") for civil servants to understand the latest development of the Mainland and to foster networking and communication between Mainland and Hong Kong civil servants. In addition to the programmes organized by CSTDI, individual bureaux and departments ("B/Ds") also organized job-related training programmes for their own staff, including exchange programmes with government departments/institutions of overseas countries. With regard to the expenditure incurred for the civil service exchange programme with the Mainland, Deputy Secretary for the Civil Service (3) ("DSCS(3)") said that the number of participants quoted by Mr SIN included both Hong Kong and Mainland civil servants, while the expenditure figures referred to by Mr SIN covered expenditure incurred by the Hong Kong Government for participating Hong Kong civil servants.

2.4 Noting that around 12 700 civil servants participated in the national studies programmes annually in 2011, 2012 and 2013, Mr Gary FAN asked how many of these civil servants were directorate staff. He also asked if topics relating to constitutional development were covered in the civil service exchange programme with the Mainland. Ms Claudia MO enquired about the contents of the exchange programme participated by the

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city government of Hangzhou and the Hong Kong Police Force during the same period.

2.5 SCS said that participants of the exchange programme would attach to the government departments of the other side to learn about the host organization's operations and practices. PSCS added that the exchange programme did not cover topics related to constitutional development. The contents of the exchange programme were agreed between the participating government departments of both sides according to their business operations and training needs. Hence, the exchange programme between the Hangzhou city government and the Hong Kong Police Force mainly focused on police matters. DSCS(3) undertook to provide the number of directorate civil servants who had attended the national studies programmes in 2011, 2012 and 2013.

Implementation of five-day week system in government departments

2.6 Noting that about 70.5% of civil servants were working on a five-day week work pattern, Mr TANG Ka-piu and Ms CHIANG Lai-wan asked if the Government had any plan for full implementation of the five-day week system in all B/Ds. Mr TANG Ka-piu sought information on the percentage of civil servants in the Model Scale 1 grade and the disciplined services departments working on a five-day week work pattern.

2.7 SCS replied that as a family-friendly employment practice, the Government had implemented the five-day week initiative in phases to improve the quality of family life of civil servants without affecting the provision of public services or incurring additional costs to the taxpayer. The Administration would continue to encourage more B/Ds to implement the five-day week initiative for their staff, subject to the conditions of incurring no additional staffing resources, no reduction in the conditioned hours of work of individual staff, no reduction in emergency services and continued provision of some essential counter services on Saturdays. The Civil Service Bureau ("CSB") would conduct a biennial review on the implementation of the five-day week initiative in the civil service; the findings of the next review would be available by end 2014. SCS agreed to provide the information requested by Mr TANG Ka-piu after the meeting.

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Records management in the Civil Service Bureau and the departments under its purview

2.8 Ms Emily LAU and Ms Claudia MO noted with concern that nearly 20 000 records of CSB and the departments under its purview had been approved for destruction by Government Records Service ("GRS") over the past three years, and about 3 000 such records were confidential in nature. They said that many of these records might be of high historical value and should be made open for public access at the earliest possible time. They asked why such a large number of records had been destroyed, and urged the Administration to expedite the enactment of an archival legislation.

2.9 SCS said that departmental records were managed by designated officers in accordance with the guidelines issued by GRS. Approval from GRS would be sought before records were destroyed. On Ms Emily LAU's request for a list of those records that had been destroyed in the past three years, SCS said that CSB might not have the relevant information, but would look into the matter.

Employment of non-civil service contract staff

2.10 Mr WONG Kwok-hing welcomed the proposed creation of some 670 civil service posts in 2014-2015 for replacing non-civil service contract ("NCSC") positions. He said that, as at 30 June 2013, there were still 3 341 NCSC positions which had been served continuously by the same NCSC staff for five years or more. He enquired why these positions could not be converted into civil service posts. Mr LEE Cheuk-yan said that, of the 12 900 NCSC staff employed by the Government as at 30 June 2013, 4 746 of them were employed continuously for five years or more. He considered that the long-term service needs of the relevant NCSC positions were fully justified. He urged the Administration to stop exploiting NCSC staff and to conduct a comprehensive review of the NCSC Scheme immediately. Mr POON Siu-ping asked for a breakdown by ranks of the 670 proposed new civil service posts.

2.11 SCS replied that the NCSC Staff Scheme aimed at providing B/Ds with a flexible means of employment in response to service needs that were time-limited or seasonal, or which required staff to work less than

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conditioned hours, or the mode of operation of which was under review or likely to be changed. In considering whether to convert NCSC positions into civil service posts, the Administration would need to consider factors such as the nature and long-term needs of the service. The duration of the concerned NCSC staff having served in the positions bore no direct relation to whether the NCSC positions would be converted. In applying for the relevant civil service posts, NCSC staff would generally enjoy a competitive edge over other applicants because of their relevant working experience. Director of General Grades agreed to provide the information requested by Mr POON after the meeting.

2.12 Mr KWOK Wai-keung commented that NCSC staff were subject to less favourable terms and conditions of service than their civil service counterparts. For instance, they did not enjoy medical benefits, incremental credits and overtime allowance. He urged the Administration to review and improve the remuneration packages for NCSC staff.

2.13 SCS replied that that it was not appropriate to compare the terms and conditions of employment of NCSC staff with those of civil servants, as they were two distinct types of employment. Heads of B/Ds had to ensure the competitiveness of the terms and conditions of service of the NCSC positions so as to be able to recruit persons of suitable calibre and retain suitable NCSC staff. Since each B/D had its own specific operational needs, CSB would not micro-manage B/Ds in their employment of NCSC staff.

Offsetting arrangement of long service payments and severance payments against the employers' Mandatory Provident Fund contributions

2.14 Mr WONG Kwok-hing urged the Administration to take the lead in abolishing the offsetting arrangement of long service payments and severance payments against the accrued benefits derived from the employers' contributions made to the Mandatory Provident Fund ("MPF") for the 12 900 NCSC staff being employed by the Government. Echoing Mr WONG's view, Mr TANG Ka-piu said that about one-third of the NCSC staff did not have end-of-contract gratuities. He suggested that the Administration should consider offering end-of-contract gratuities for all NCSC staff as a buffer for the offsetting arrangement, which deprived

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employees of adequate retirement protection.

2.15 SCS said that the issue of the offsetting arrangement under the MPF System was under the policy portfolios of the Labour and Welfare Bureau and the Financial Services and the Treasury Bureau. As the subject was highly controversial with divergent views from different sectors of the society, the Administration would need to consider and examine the issue in a holistic and careful manner. As regards the suggestion of offering end-of-contract gratuities to all NCSC staff, SCS said that it was a separate issue from the offsetting arrangement. Heads of B/Ds had full discretion to decide whether to offer end-of-contract gratuities and the percentage rate of the gratuities having regard to the prevailing employment situation.

2.16 Mr TANG Ka-piu enquired about the aggregated amount of accrued benefits that were withdrawn from the MPF accounts of NCSC staff under the offsetting arrangement in 2012, and how the Government arranged the offsetting payments with MPF trustees. Director of General Grades replied that relevant B/Ds were responsible for the arrangements regarding long service payments and severance payments for their NCSC staff. CSB did not have the relevant information.

Retirement situation of civil servants

2.17 Noting that the number of civil servants retiring in 2014-2015 was estimated to be around 6 100, Mr TAM Yiu-chung enquired about the relevant trend in the coming years. He also enquired when CSB would consult relevant stakeholders on the proposals arising from the study to assess the manpower and retirement situation in the civil service, and whether there were ways to extend the service of those civil servants retiring in the near future. Ms CHIANG Lai-wan commented that the knowledge and experience of many civil servants were valuable assets to society and the Administration should consider ways to engage retired civil servants to enable them to continue to contribute to the society.

2.18 SCS replied that the annual average number of retirees would increase from around 6 200 for the five-year period ending 2017-2018 to around 7 000 for the five-year period ending 2022-2023, but the number was expected to decline thereafter. CSB was conducting a study to assess the manpower and retirement situation in the civil service in the coming

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years, and would consult civil servants, relevant stakeholders and the Panel on Public Service of the Legislative Council on the proposals of extending the service of civil servants in the second quarter of 2014. Subject to the outcome of the consultation, the Administration would decide on the way forward and work out the implementation details. SCS added that, meanwhile, there was an established mechanism through which B/Ds could engage retired civil servants to help meet specific operational or succession needs.

2.19 Mr WONG Kwok-hing expressed concern about the succession situation of the civil service, especially that of the disciplined services departments and those departments involved in the provision of direct services to the public, and enquired about the measures to address the succession problems. Mr POON Siu-ping expressed the same concern and asked whether the Administration would consider extending the service of the civil servants in those departments first.

2.20 SCS replied that the departments in question had relatively large establishments, and, as such, their wastage, in terms of the number of retirees, was expected to be higher in the coming years. A well-established mechanism had already been put in place to facilitate B/Ds in making early planning for succession and taking timely action, where necessary, to ensure that there would be adequate staff of suitable calibre at different levels. In considering proposals for extending the service of civil servants beyond their retirement age, SCS said that the Administration would adopt a holistic approach rather than a selective one confining to certain grades.

Expenses on civil service pensions

2.21 Ms CHIANG Lai-wan asked about the number of civil servants on pensionable terms and the projected increase in pension expenditure in the coming years. SCS replied that currently, about 110 000 civil servants were employed on pensionable terms. Director of Accounting Services said that total expenditure on pension payments was estimated to be \$26.9 billion in 2014-2015, and was projected to increase to \$50.9 billion in 2032-2033.

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2.22 Mr YIU Si-wing noted that the expenditure on civil service pension had grown by about 10% annually in the past three years, and the provision in 2014-2015 increased by more than 14%. He enquired about the reason for the higher growth rate in 2014-2015 and the basis of the future projection.

2.23 SCS replied that the Government had to honour its contractual obligation by making pension payment to eligible retired civil servants employed on pensionable terms. The provision for pension payments for 2014-2015 was based on, amongst other things, the estimated increase in the number of retirees in the coming year. Director of Accounting Services added that of the \$26.3 billion estimates for 2014-2015, about \$11.2 billion was budgeted for the lump-sum pension payments to newly retired civil servants in the coming year, and some \$15 billion was budgeted for the monthly pension payments for eligible retired civil servants. The future projection was made based on a number of assumptions, including the estimated annual civil service pay adjustment as well as the estimated number of retirees and their length of service upon retirement, etc.

Civil service pay adjustment

2.24 Mr IP Kwok-him said that a number of staff side representatives had withdrawn from the pay trend survey committee ("PTSC") to express their disapproval of the mechanism adopted for civil service pay adjustment in 2013-2014. He asked about the progress of the Administration's effort in inviting those withdrawn representatives to rejoin PTSC. SCS replied that in response to the comments made by some staff bodies on the pay trend survey ("PTS") methodology, PTSC had reviewed the PTS methodology and proposed certain changes to the 2014 PTS methodology. The Pay Survey and Research Unit of the Standing Commission on Civil Service Salaries and Conditions of Service had been commissioned to conduct the pay trend survey for 2014. The Administration had been persuading the withdrawn staff side representatives to return to PTSC, which would continue to be open to the views and comments of staff sides.

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Conditioned hours of work of civil servants from the disciplined services grades

2.25 Mr IP Kwok-him asked if the Administration would consider reducing the conditioned hours of work of the civil servants from the disciplined services grades, such as the Ambulanceman grade. SCS replied that specific conditioned hours of work were laid down for different grades of civil servants according to operational requirements and other relevant considerations. The Administration would consider any proposal to reduce the conditioned hours of work of a particular grade against the prerequisites of cost-neutrality, no additional manpower and maintaining the same level of services to the public. The Fire Services Department was conducting a trial scheme to reduce the conditioned hours of work of the operational staff in the fire stream from 54 hours gross to 51 hours gross per week under the three prerequisites mentioned above.

Other issues

2.26 Ms Claudia MO said that many frontline B/Ds involved in the provision of public services did not provide adequate translation and interpretation services to ethnic minorities. In response, SCS said that CSB would continue to support government departments to facilitate the effective use of Chinese and English in official businesses, and to provide appropriate training to civil servants in this regard. The Home Affairs Department was funding a few service centres for servicing those ethnic minorities in need of public services.

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3.1 At the invitation of the Chairman, Mr Rimsky YUEN, Secretary for Justice ("SJ"), and Miss Emma LAU, Judiciary Administrator ("JA"), highlighted the major financial provisions related to the policy areas on the administration of justice and legal services, and the key programme areas under their respective portfolios in 2014-2015 (Appendices IV-2-a and IV-2-b).

Drafting of legislation

3.2 Mr WONG Kwok-hing enquired about the progress of the drafting of the bill to amend the Employment Ordinance (Cap. 57) to provide for the power of the Labour Tribunal/the Court to make a compulsory reinstatement and/or re-engagement order in cases of unreasonable and unlawful dismissal, as he noted that the amendment bill was not mentioned in the work outline of the Civil Division of Department of Justice ("DoJ") in the 2014-2015 legislative year.

3.3 SJ responded that the Labour and Welfare Bureau ("LWB") required more time to sort out some complicated issues arising from the proposed amendment bill before introducing the legislative proposal. DoJ would continue to provide legal advice and drafting support to LWB in preparing the bill.

Mutual legal assistance in criminal matters

3.4 Having regard to the recent judgment of a corruption trial in Macao of which two Hong Kong permanent citizens were convicted of corruption-related offences, Mr WONG Kwok-hing enquired about the progress of the arrangement for mutual legal assistance in criminal matters between the Hong Kong Special Administrative Region ("SAR") and the Macao SAR ("the Arrangement"). Mr WONG was concerned that Hong Kong would become a haven for criminals.

3.5 SJ replied that the Governments of Hong Kong SAR and Macao SAR had commenced discussions on mutual legal assistance in criminal matters on the arrangements for the surrender of fugitives between the two places well before the aforesaid judgment in Macao. The discussions for reaching an agreement which set out the relevant arrangement were still underway. After finalizing the agreement, DoJ would submit legislative

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proposal to the LegCo to embark on the relevant legislative process.

Judicial resources and manpower situation

3.6 Mr Dennis KWOK expressed concern about the resources and judicial manpower of the Judiciary, especially the High Court. He pointed out that against the target waiting time of 180 days, the actual average waiting time for Civil Fixture List in the Court of First Instance of the High Court had worsened from 244 days in 2012 to 261 days in 2013. Despite members' concerns on the long court waiting times and the shortage of judicial manpower in face of increasingly complex cases in the past few years, no improvement had been made so far.

3.7 JA advised that the Judiciary had provided information on its judicial manpower arrangements and measures taken in the High Court at different stages of reviews in the past few years, as stated in the initial written questions raised by FC members in examining the Estimates of Expenditure 2014-2015. In brief, the Judiciary had conducted its establishment review a few years ago in response to the setting up of the Competition Tribunal and a number of judicial posts were created. Although the vacancies of the Court of Appeal were filled, the workload pressure was still high. In this connection, the Judiciary had conducted an establishment review of the judges and judicial officer ("JJO") posts in 2013. This review concluded that additional posts were needed for the Court of Appeal to cope with the increased workload. Three Justice of Appeal posts were proposed for creation in 2014-2015. She said that the average waiting times for civil appeals in the Court of Appeal of the High Court exceeded target since great efforts and priority had been given to timely disposal of criminal appeals. She advised that the Judiciary would continue to monitor the judicial manpower situation and if required, further establishment review would be conducted.

3.8 Mr Dennis KWOK was concerned about the manpower situation of the Court of First Instance if the proposed judicial posts at the Court of Appeal were filled by elevation of judges from the Court of First Instance. JA advised that according to the existing policy, the three proposed Justice of Appeal posts to be created in 2014-2015 would be filled by internal elevation while the proposed Court of First Instance Judge post would be filled by open recruitment.

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Accommodation Requirements of the Judiciary

3.9 In the light of the Judiciary's proposal for the creation of additional judicial posts, Dr Priscilla LEUNG asked how the Judiciary tackled the issue of insufficient office space which was considered as a reason attributed to the lack of judicial manpower.

3.10 JA advised that the Chief Justice ("CJ") had mentioned in his speech at the ceremonial opening of the Legal Year 2014 that he had written to the Administration in July 2013 about the long-term accommodation requirements of the Judiciary, which included the need for more courtroom facilities, ancillary supporting facilities and office space. The Administration was actively considering the matter at the moment.

3.11 Ms Emily LAU commented that the Judiciary did not seem to be making much progress in responding to LegCo's continuous concern on the shortage of judicial manpower. Ms LAU wondered whether it was because of the Administration's opposition to the suggestions for adding judicial posts. Noting that there would be an addition of seven JJO posts in the 2014-2015, Ms LAU enquired whether there would be sufficient office space to accommodate them.

3.12 JA said that the establishment reviews of the Judiciary were conducted in a prudent manner in different stages with a view to coping with the operational needs in the past few years. In fact, additional judicial posts had been created to cope with the increased workload at different levels of courts. She reiterated that the Administration was considering the written request from the Chief Justice about the Judiciary's long-term accommodation requirements. JA advised that the Judiciary considered that the budgetary arrangements between the Judiciary and the Administration had been working satisfactorily over the years, and that the Administration had been helpful in the process.

Unrepresented litigants

3.13 Mr TAM Yiu-chung enquired whether there was an upward trend in the number of unrepresented litigants at the court levels above the District Court and whether this was because of the litigants' failure to meet the requirement for legal aid. He sought clarification on whether the Resource

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Centre for Unrepresented Litigants ("the Resource Centre") only provided information about general civil procedures to unrepresented litigants.

3.14 JA considered it difficult to judge whether there had been a rising trend in the number of unrepresented litigants and the situation might be attributed to a number of reasons. Nevertheless, the Judiciary would monitor the situation. JA further advised that there was a pilot scheme administered by the Home Affair Bureau ("HAB") under the Administration to provide free legal advice on the civil procedural matters for different stages of the proceedings for litigants in person. The staff at the Resource Centre in the Judiciary would render assistance on procedural matters and would refer the litigants to seek assistance from the aforesaid pilot scheme from HAB as and when necessary.

Inter-department Working Group on Gender Recognition

3.15 Noting that the Administration has proposed to create one senior Government Counsel post and one Government Counsel post to provide legal support to the Inter-department Working Group on Gender Recognition ("the Working Group"), Mr CHAN Chi-chuen enquired about the timetable of the Working Group and whether the duration of two time-limited posts for two years was sufficient for the work.

3.16 SJ responded that the two posts were proposed for creation to cope with the increased workload. In view of the difficult and complex legal issues on this subject, it was estimated that the Working Group could produce the first report for consultation in about two years, similar to the time required for such work in the United Kingdom.

3.17 In response to Mr CHAN Chi-chuen's enquiry about whether there was a ceiling for the number of projects to be conducted by the Law Reform Commission ("LRC") having regard to its slow progress in the review of sexual offences which had dragged on for years, SJ replied in the negative. SJ explained that the length of time taken by each project varied due to the resources that the project required as well as the complexity and scope of the study involved. Citing the example quoted by Mr CHAN, SJ said that, in view of the scope of study of the LRC's review of sexual offences, the project had been divided into several smaller areas of study for which different reports would be produced. He pointed out that the

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Sub-committee on Causing or Allowing the Death of a Child had taken a longer time than expected due to the health problem of a Sub-committee member.

3.18 Dr Priscilla LEUNG noted that the Administration would conduct a detailed study to follow up on the observations made by the Court of Final Appeal in the case of *W v Registrar of Marriages (FACV 4/2012)* in which a transsexual, who had gone through a full sex re-assignment surgery, was considered lawful in marrying a man. Dr Priscilla LEUNG was concerned about how the Working Group could strike a balance on the views which would be very sensitive and might be affected by different cultures.

3.19 SJ agreed that different places had their own cultural background. Having considered the complexity of the matter and the possible legislation, he said that views received through formal and informal consultations conducted at various stages of the study would be given due consideration.

Lands Tribunal

3.20 In respect of cases handled by the Lands Tribunal, Mr Tony TSE enquired about the following –

- (i) the reason(s) for reducing the court waiting time targets in 2014-2015 by 10 days for four categories of cases, related to appeal, compensation, building management and tenancy;
- (ii) the reason(s) for not further reducing the court waiting time targets of the aforesaid four categories of cases in view of their obvious room for further reduction between the target day in setting down of a case and the actual average waiting time of hearing of a case; and
- (iii) whether reducing the court waiting time targets of the four categories of cases by 10 days was attributed to the constraint of the current establishment of the Lands Tribunal which would remain at 31 persons in 2014-2015.

3.21 JA replied that although the establishment of the Lands Tribunal in 2014-2015 would remain the same as that in 2013-2014, the size of

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establishment of the Tribunal had already increased several years ago in view of the need to handle cases under the Land (Compulsory Sale for Redevelopment) Ordinance (Cap. 545).

3.22 JA said that the Judiciary had reviewed the court waiting time targets in 2012-2013 and noted that there was a case to adjust the targets of the Lands Tribunal for the above-mentioned four categories of cases. Following consultation with the various court users' committees, the target of each of these four categories had been reduced by 10 days starting from 1 January 2014. Appeal cases, compensation cases and building management cases would each have a target of 90 days while for tenancy cases, the revised target was 50 days. As there was a need to review the listing procedures in the Lands Tribunal, the Judiciary considered it prudent to await the outcome of the review of the listing procedure before considering whether there was a need to make further refinements to the court waiting time targets.

3.23 Noting that the average time required for hearing and adjudicating compulsory sale cases in the Lands Tribunal took nearly 200 days, Mr Tony TSE enquired whether it was possible to shorten the time required for hearing and adjudicating such cases.

3.24 JA replied that one District Judge post and one Member post were created in the Lands Tribunal in 2012 to help handle compulsory sale applications. She explained that the lead-time from filing to setting down for trial of compulsory sale cases could be long particularly if they involved more interlocutory hearings and sufficient time would be required by the parties in preparing the case for trial. Upon addition of the two posts, the court waiting times of the other categories of cases of the Lands Tribunal were also satisfactory.

Prosecution actions

3.25 Ms Emily LAU expressed concern over the lack of progress in the prosecution work against the former Chief Executive, Mr Donald TSANG, and the former Commissioner of Independent Commission Against Corruption, Mr Timothy TONG Hin-ming. She enquired whether the long time taken by the Prosecutions Division to decide whether or not to prosecute the two persons was due to DoJ's lack of financial resources or

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delaying purposely. Mr Albert CHAN expressed a similar concern and questioned if the matter had been subject to any political consideration or interference of the Chief Executive.

3.26 In response, SJ said that the matter was not due to any resources issues, nor did DoJ purposely delay the case. He advised that the matter was still under investigation by ICAC. The responsibility of DoJ was to provide legal advice from time to time or as and when requested by ICAC. As the matter would be reported regularly to the Operations Review Committee of ICAC which was chaired by an outside person, in no way could DoJ delay the matter. SJ stressed that DoJ had all along discharged its constitutional duty pursuant to Article 63 of the Basic Law and dealt with every situation strictly in accordance with the law and its Prosecution Code, and would disregard any unnecessary or undue influence. SJ reinstated that there had not been any interference from the Chief Executive, nor there was any political consideration.

3.27 Director of Public Prosecutions ("DPP") supplemented that same as all investigations and prosecutions, the Prosecutions Division of DoJ could only consider whether prosecution action should be undertaken upon receipt of the investigation reports. During the investigation process, the Prosecutions Division would provide legal advice and assistance as and when required.

3.28 In response to Ms Emily LAU's enquiry about whether the investigations of the two aforesaid persons were nearly coming to an end as advised by the former DPP, SJ replied that after the departure of the former DPP, ICAC had conducted some further investigations into the two cases which were still in progress and that ICAC would have to consider the relevant findings.

Labour Tribunal

3.29 Mr TANG Ka-piu asked about the reasons for the average time taken from filing of a case to award by the Labour Tribunal ("LT") had been lengthened from 41 days in 2011 to 55 days in 2013, despite the fact that the number of cases disposed of by LT remained at a stable level of around 4 000 cases in 2011 and 2013, respectively.

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3.30 JA explained that the comparatively longer average time required from the filing of a case to award in 2013 was due to the fact that among the cases concluded that year, 16 cases were filed in 2008 and 13 cases in 2009. These cases, which were filed against the same defendant, were adjourned *sine die* in 2008 or 2009 pending the outcome of an appeal case. After the conclusion of the appeal case, the claimants reached settlement with the defendant and withdrew their claims in December 2013. JA further advised that, in fact, for cases where a hearing had been conducted, the average time taken from the filing of a case to first hearing remained at a normal level of 25 days in the past three years.

3.31 Mr TANG Ka-piu expressed disappointment that the Judiciary did not keep any statistics on the number of cases in which an office-bearer of a registered trade union or an employers' association acted as a representative or attended the hearing. He was concerned that despite the agreement of the employees, not all applications for right of audience by the trade union representatives were granted by LT. Therefore, he requested the Judiciary to collate such information for future reference.

3.32 JA said that the Judiciary did not keep any statistics on the exercise of such judicial decisions related to the right of audience by the trade union representatives. Nevertheless, the Judiciary would look into Mr TANG's suggestion.

Communication between LegCo and the Administration on legislative matters

3.33 Mr TANG Ka-piu asked whether there was a communication mechanism between the Administration and the LegCo Secretariat so as to enable the Secretariat to prepare its staffing plan for legal support to cope with the workload in scrutinizing proposals in new legislation and amendments to existing legislation.

3.34 In reply, SJ advised that there had been communication between the Administration and LegCo Members in the entire process from formulating the policies to the drafting of relevant legislation. The former took the form of deliberations in particular between the LegCo panels and the relevant policy bureaux on matters relating to their specific policy areas. In addition, the Panel on Administration of Justice and Legal Services was

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consulted on matters relating to the administration of justice and legal services, including the drafting and amendments of the law. He welcomed views from members on ways to enhance further the communication with LegCo.

Arbitration

3.35 Noting that one Senior Government Counsel post would be created in 2014-2015 to handle work related to the promotion of Hong Kong as a leading international arbitration centre in Asia Pacific as well as to provide support to the work of the Advisory Committee on Promotion of Arbitration to be chaired by SJ, Mr Albert CHAN questioned whether similar resource could be arranged for helping members of the public, such as small tenants or farmers, in sorting out their land disputes with the Government by means of arbitration or mediation.

3.36 Dr Priscilla LEUNG declared that she was currently an arbitrator of the China International Economic and Trade Arbitration Commission. She asked whether consideration would be given to extending the use of arbitration as an alternative to resolving disputes over compulsory sale applications and building management disputes of which owners or Owners' Corporations were involved.

3.37 SJ responded that DoJ was open on the issue and had not specified the types of disputes to which arbitration could be used as a means of dispute resolution. He welcomed an opportunity to discuss the issue further with Dr LEUNG.

3.38 Concerning DoJ's intended promotion of Hong Kong as an international centre for legal and dispute resolution service, Mr Gary FAN enquired about the progress of the consultancy study on the development of arbitration in Hong Kong and the challenges and opportunities that Hong Kong faced as a regional centre for international arbitration in the Asia Pacific region and what follow-up actions would be taken upon completion of the consultancy study. He also sought clarification on whether the proposed expenditure of \$2.5 million was sufficient for the aforesaid consultancy study.

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3.39 Solicitor General ("SG") replied that the consultancy study had yet to start. DoJ was considering pairing up with the Hong Kong Trade Development Council in carrying out the consultancy study which was expected to last for 12 months. SG said that the proposed expenditure of \$2.5 million was estimated to be sufficient for the study and the kind of follow-up actions would largely depend on the recommendations made in the consultancy study.

3.40 Mr Dennis KWOK noted that Hong Kong might apply for hosting the International Council for Commercial Arbitration ("ICCA") Congress in 2018. Expressing the Civic Party's support for organizing the Congress, he asked about the Administration's plan on the matter.

3.41 SJ responded that the Administration had deployed internal financial resources to support HKIAC's application for hosting the ICCA Congress in 2018. Relevant government officials including the Chief Executive and SJ himself had also provided written endorsements in support of Hong Kong's application. If the application was successful, LegCo Members would be briefed on the way forward.

Mediation

3.42 Noting that the Steering Committee on Mediation established in November 2012 was studying the need for the enactment of apology legislation for the purpose of enhancing settlement, Dr Priscilla LEUNG asked whether consideration would be given to extending the use of apology legislation in resolving disputes, in addition to such matters as the vessel collision incident near Lamma Island.

3.43 SJ replied that the study of the Steering Committee on Mediation was not confined to a particular area to which apology legislation should be applicable, and that in addition to matters related to the Government, such as the example quoted by Dr LEUNG, the Steering Committee was studying how apology legislation could be applicable in medical incidents and labour disputes.

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Use of WiFi service at courtrooms

3.44 Noting that WiFi would be introduced in phases into court buildings throughout Hong Kong which court users, including members of the public, would be able to join and send text-based communications, Mr Charles MOK enquired whether there was any policy governing the use of WiFi service at courtrooms and whether such policy would differ amongst courtrooms.

3.45 JA replied that a Practice Direction which provided guidance on the use of WiFi service in courtrooms was issued after consultation with the two professional bodies. In principle, the use of WiFi would be allowed on the condition that the proceedings were conducted consistently with the proper administration of justice and to avoid any improper interference with the court's processes. However, the presiding Judge might withdraw permission for the use of text-based communications at any time. At present, such WiFi service was available in the District Court, Family Court, Small Claims Tribunal in Wanchai Law Courts Building and the Court of Final Appeal. It was reported that such service was operating smoothly.

Court prosecutors

3.46 Mr Dennis KWOK was concerned that the heavy workload of court prosecutors ("CP") of the Magistrates' Court who had not yet obtained legal qualifications. He considered that such prosecution work should have been undertaken by legally trained solicitors or barristers.

3.47 SJ considered that the CPs had a role to play in the work of criminal prosecutions and had made solid contributions. He and DPP had met CPs to understand their working situations and to gather their views on the future development of the CP Grade. DoJ would also follow up the views given by representatives of the staff association of the CP Grade for formulating the long-term planning in this regard and, where appropriate, consult the views of LegCo Members.

Competition Tribunal

3.48 In reply to Mr CHUNG Kwok-pan's enquiry about the progress in the setting up of the Competition Tribunal, JA advised that the relevant JJO

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posts had been created and the President, Deputy President and a Deputy Registrar of the Tribunal had already commenced the relevant preparatory work including the preparation of the subsidiary legislation (e.g. the procedural rules for the Tribunal) and the related President's directions. The Judiciary planned to consult the practitioners in the industries, relevant stakeholders and LegCo as appropriate when ready.

Chapter IV : Financial Services

4.1 At the invitation of the Chairman, Professor K C CHAN, Secretary for Financial Services and the Treasury ("SFST"), briefed members on the main initiatives and expenditure on the policy area of financial services in 2014-2015 (Appendix IV-3).

Mandatory Provident Fund System

4.2 Ms Starry LEE enquired how the proposed establishment of the Mandatory Provident Fund ("MPF") core fund with fee control would help reduce MPF fees and ensure stable returns from MPF investment, and whether the Administration would consider other measures to lower the administrative costs of the MPF system. Mr SIN Chung-kai and Mr CHAN Kin-por sought information on whether the core fund would be operated by the Government (e.g. Hong Kong Monetary Authority ("HKMA")) or the industry. Mr CHAN also asked about the principles to be adopted for setting fee ceilings for the core fund.

4.3 SFST advised that the current thinking was that each MPF scheme would be required to include a core fund as the default fund which would make long-term and diversified investment that balanced investment risks and returns. The purposes of the core fund proposal were to enhance transparency of operation of MPF schemes to facilitate scheme members in making investment choices suitable for their needs, as well as highlight to them the importance of making long-term investment decisions instead of focusing on short-term returns under the MPF system. The standardized arrangement of the core fund would enhance market competition and facilitate fee control. SFST added that the Administration would gauge public views on the core fund proposal and its fee control mechanism in the upcoming consultation exercise.

4.4 Mr SIN Chung-kai enquired whether the Administration would consider imposing fee control on other MPF funds in future. Mr CHAN Kin-por, on the other hand, commented that attempts should first be made to enhance automation in the management of MPF funds and streamline the administration processes so as to reduce administration costs and drive MPF fees down. Only when such attempts were to no avail should the Administration consider other options such as fee control measures for non-core funds. He noted that the Mandatory Provident Fund Schemes Authority ("MPFA") would launch the MPF Payment Settlement System in mid-2014 to further reduce the accrued benefits transfer time, and the Administration also planned to introduce an amendment bill into the

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Legislative Council by July 2014 to simplify certain statutory procedures with a view to increasing the scope for trustees to reduce fees. Besides, in view of the lower fees of index funds, MPFA had been promoting such funds in the constituent fund approval process. He believed that these initiatives should be able to achieve substantial reduction of MPF fees, and urged the Administration to first assess the effectiveness of these measures before considering fee control measures.

4.5 SFST responded that any complicated administration processes and offer of a large range of MPF funds would not be conducive to MPF fee reduction. The Administration was working closely with MPFA and the industry in implementing various measures to streamline the operation of the MPF system. The Administration would assess the effectiveness of the measures and monitor market developments before considering the next step forward. The proposal of imposing fee control on the core fund was controversial and extending the proposal to other MPF funds would likely arouse more controversies. Moreover, given that the design of MPF funds varied widely as compared to the core fund, there would be practical difficulties in extending the fee control proposal to non-core funds. Hence, the Administration would focus on the core fund proposal first and review the option of fee capping for MPF funds in the light of the implementation of the core fund proposal and only when the market failed in lowering MPF fees.

4.6 Mr WONG Kwok-hing noted that there were divergent views among different stakeholders on whether the current arrangement of allowing employers to offset severance payments and long service payments against MPF accrued benefits ("the SP/LSP offsetting arrangement") should be abolished. Referring to the Government's earlier initiative to provide employees with paternity leave before introducing mandatory paternity leave, Mr WONG urged the Administration to consider abolishing the SP/LSP offsetting arrangement in respect of non-civil service contract staff and staff of the subvented sector to set a good example for the private sector to follow. He believed that the suggestion would not give rise to controversies and implementation difficulties as it would have financial implications on the Government only.

4.7 Mr TANG Ka-piu considered that the Administration should consult the public early on the abolition of SP/LSP offsetting arrangement and set aside provision for this purpose in the Estimates of Expenditure 2014-2015. The consultation and implementation timetable should include

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issues such as a progressive abolition of the SP/LSP offsetting arrangement and necessary legislative amendments to both the Employment Ordinance (Cap. 57) and the Mandatory Provident Fund Schemes Ordinance (Cap. 485). Mr TANG cautioned that, if the Administration continued to avoid addressing the matter or maintaining the SP/LSP offsetting arrangement, there would be stronger calls from the public for implementing a universal retirement protection scheme and more opposition to the proposed establishment of a Future Fund as recommended by the Working Group on Long-Term Fiscal Planning.

4.8 SFST said that abolition of the SP/LSP offsetting arrangement or gradual phasing out of the arrangement involved complicated and controversial issues which would affect interests of different stakeholder groups. As such, the matter should be taken forward only when there was a clear consensus in the community. Given the divergent views expressed by stakeholders, it was not among the work priorities of the Financial Services and the Treasury Bureau ("FSTB") in the 2014-2015 financial year to conduct a public consultation on the SP/LSP offsetting arrangement. He emphasized that the Administration's focus was to pursue various measures to reduce MPF fees and enhance the cost-effectiveness of the operation of the MPF system. In this regard, Mr WONG Kwok-hing expressed disappointment at SFST's response, and considered that SFST was shirking his responsibility of enhancing the MPF system for better retirement protection of the workforce.

Financial Services Development Council

4.9 Noting that FSTB would provide \$6.5 million in 2014-2015 to support the work of the Financial Services Development Council ("FSDC"), including participation in overseas roadshows organized by the Hong Kong Trade Development Council, Mr Kenneth LEUNG enquired about the reasons for FSDC to take part in roadshow publicity as it was only a government advisory body with its main function to conduct research studies relating to financial services issues.

4.10 Mr Christopher CHEUNG pointed out that the small and medium-sized ("SME") securities firms had supported the establishment of FSDC for developing measures to improve the business environment for these firms. However, in spite of repeated urges for FSDC to take into account suggestions raised by the SME securities firms in enhancing their market competitiveness, and FSDC's agreement to conduct further study in

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this area, no concrete action had been taken by FSDC in this respect. Referring to FSDC's plan to deploy part of the \$6.5 million provision in 2014-2015 for conducting researches into opportunities associated with the "going-out" of Mainland enterprises, Mr CHEUNG considered it unreasonable that FSDC had put the interests of Mainland enterprises before those of the local firms. He called on FSDC to expedite its studies relating to SME securities firms.

4.11 SFST said that FSDC was set up to advise the Government on measures to enhance Hong Kong's business-friendly environment and capture new market opportunities for further development of the entire financial services sector taking a macro perspective rather than focusing on promoting the interests of particular groups of industry players. This mission had been enshrined in the number of research reports released by FSDC in November 2013. He supplemented that FSDC's participation in or organization of publicity events, such as roadshows, seminars and conferences, would help promote Hong Kong's financial services industry and establish a positive image of Hong Kong as an international financial and business centre. The provision of \$6.5 million would be used to support FSDC's work in these areas as well as conduct research studies. SFST stressed that FSDC would take into account the suggestions of different stakeholders and continue to engage the industry in taking forward its research studies. He undertook to relay Mr Christopher CHEUNG's concerns and suggestion to FSDC.

Development of Islamic finance

4.12 Mr WONG Ting-kwong expressed concern about slow progress in developing Islamic finance in Hong Kong despite the establishment of relevant legislative and taxation frameworks in recent years to facilitate issuance of Islamic bonds (sukuk). He enquired about the main difficulties encountered by the Administration in taking the initiative forward and the financial resources earmarked in 2014-2015 to enhance work in this area.

4.13 SFST said that Islamic finance was among the fastest growing segments in the global financial markets which did not only cater for the financial needs of Muslims but was recognized by international investors as an important emerging financial sector. As Hong Kong lacked advantages in developing Islamic finance vis-à-vis economies like Malaysia which had strong Islamic background and ties with Islamic communities as well as relevant experiences in Islamic financial products, the Administration had

been making efforts to enhance Hong Kong's competitiveness in this area. For instance, enactment of the Inland Revenue and Stamp Duty Legislation (Alternative Bond Schemes) (Amendment) Ordinance 2013 in July 2013 had provided a comparable taxation framework for sukuk vis-à-vis conventional bonds, and the Loans (Amendment) Bill 2014 passed in March 2014 had enabled the issuance of sukuk under the Government Bond Programme. These efforts had signalled the global markets that the legal, regulatory and taxation frameworks of Hong Kong were well established to accommodate sukuk issuances, thereby giving impetus to other potential sukuk issuers from the public or private sector to raise funds in Hong Kong, and thus enhancing the development of Islamic finance in Hong Kong.

4.14 As regards Mr WONG Ting-kwong's enquiry about the Joint Forum on Islamic Finance established between Hong Kong and Malaysia, Head (Market Development), HKMA advised that the first meeting of the Joint Forum was held in December 2013, with participants from Bank Negara Malaysia, HKMA and market practitioners, etc. During the meeting, participants from both markets had explored opportunities of collaboration in cross-border development of Islamic finance. Hong Kong would also learn from the expertise and experience of Malaysia in developing the local Islamic financial services sector.

Financial innovation

4.15 Mr Charles Peter MOK noted that, among the listed companies which raised funds through initial public offerings ("IPO") on the Hong Kong Exchanges and Clearing Limited from 2011-2012 to 2013-2014, the amount of IPO funds raised in respect of technology-based industry lagged far behind most other sectors, accounting for only some 0.4% of the total IPO funds raised. Pointing out the importance of raising funds through the financial markets in supporting the development of innovative industries, Mr MOK enquired whether the Administration would deploy resources in 2014-2015 to formulate relevant policies and measures for promoting the development of venture funds to facilitate emerging small-scale enterprises in the innovation and technology sector to raise funds through the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited.

4.16 SFST advised that FSTB had been collaborating with the financial regulators and engaging the relevant industries and stakeholders in formulating and implementing policies and measures for the development of the financial markets. Suggestions from relevant parties were also channelled to the Government through other platforms such as FSDC. All

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along, the Administration had been making continuous efforts to facilitate financial innovation, such as the latest proposal to extend the tax exemption for offshore funds to private equity funds, and other measures to develop the fund and asset management business in Hong Kong. The Administration would keep an open mind to suggestions from the industry and consider appropriate measures in the light of market developments.

Development of fund and asset management business

4.17 Mr Kenneth LEUNG noted from the Administration's consultation paper on the proposed introduction of an open-ended fund company ("OFC") structure that the OFC would be a collective investment scheme ("CIS") investing its assets in securities and futures contracts. He expressed concern about the restrictive scope of OFC investment activities and whether the proposal had taken into account similar practices in other major international asset management centres. SFST said that introduction of the OFC structure would enhance Hong Kong's legal infrastructure for investment fund vehicles. The legislative proposal concerned would allow the establishment of public and private funds with a corporate fund structure in addition to the existing unit trust structure. The proposed investment scope of OFC had made reference to the common practices of unit trusts and other CISs investing in securities and futures contracts.

4.18 Mr Christopher CHEUNG remarked that the Administration's proposal to waive stamp duty for trading of all exchange traded funds ("ETFs") would shift investment from exchange traded securities products to ETFs which could affect the business of securities firms providing trading services for securities products. Moreover, the proposal would reduce government revenue from stamp duty and could affect the protection for retail investors as there might be greater volatilities in the Hang Seng Index shares. He urged the Administration to take note of his views.

Offshore Renminbi business in Hong Kong and financial co-operation with the Mainland

4.19 In relation to promoting Hong Kong's Renminbi ("RMB") business and in view of rapid development of the financial services industry in Qianhai and the Shanghai Free Trade Zone ("FTZ"), Mr Jeffrey LAM considered that the Administration should step up efforts in seeking relaxation of the daily conversion limit of RMB 20,000 per person, and removal of the restrictions on withdrawal of RMB deposits placed with

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banks in Hong Kong from their branches in the Mainland.

4.20 SFST agreed that relaxing the daily conversion limit in question would provide greater convenience to the public in placing RMB deposits. The Administration had put forth the proposal to the Central People's Government, and discussed the matter with the People's Bank of China ("PBoC") on several occasions. The Mainland authorities were aware of the concern in question and the Administration envisaged that there would be progress on the matter soon. As regards cross-border withdrawal of RMB deposits, SFST said that the matter involved restrictions on cross-boundary RMB fund flows which could not be removed without changes in relevant Mainland policies concerning liberalization of capital account.

4.21 In the light of the recent controversies in Taiwan over its Economic Co-operation Framework Agreement ("ECFA") with the Mainland, Mr Albert CHAN considered that the Administration should assess the social, economic and political impacts on Hong Kong arising from various financial co-operation measures between the Mainland and Hong Kong, such as the Closer Economic Partnership Arrangement ("CEPA") and its Supplements and the development of offshore RMB business in Hong Kong. Referring to the negative impact on small businesses resulting from a changing business environment to cater for the growing number of Mainland visitors under the Individual Visit Scheme, Mr CHAN opined that the public might not be aware of the long-term negative impact of the CEPA measures on Hong Kong notwithstanding that such measures seemed to have brought short-term economic benefits to some sectors.

4.22 Mr CHAN Kam-lam commented that implementation of the CEPA measures since 2003 had brought significant benefits to the local economy and various sectors, including trade and exports, financial services, maritime transport and tourism. He suggested that the Administration should consider conducting impact assessments on and enhancing publicity of the CEPA measures so that the general public would better understand the benefits of CEPA to Hong Kong. While there were public concerns about increasing reliance of Hong Kong's economy on the Mainland, it should be noted that closer ties and economic co-operation with the Mainland had helped Hong Kong tide over economic problems during the global financial crisis in 2008.

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4.23 Sharing the view on the benefits of the CEPA measures on Hong Kong, Dr Priscilla LEUNG considered that the Administration should enhance the publicity of the measures to enable relevant sectors and industries to fully utilize the measures. She also urged the Administration to discuss with the Central People's Government to further broaden the scope of CEPA, in particular for the local professional services sectors to access the Mainland market.

4.24 SFST pointed out that before the signing of CEPA and internationalization of RMB, Hong Kong had all along been maintaining close economic ties with the Mainland and leveraging on the emerging business opportunities in fostering local economic development. Continuous economic development in Hong Kong had reinforced its status as an international financial and business centre. The Administration would continue to strengthen Hong Kong's offshore RMB business and enhance financial co-operation with the Mainland. As regards CEPA, since its implementation in 2003, the Mainland and Hong Kong had broadened and deepened the scope by signing supplements in the subsequent years. Indeed, the scope of CEPA measures essentially hinged on the Mainland's policies and pace in liberalizing its market. Besides pursuing further development of CEPA co-operation with the Mainland, the Administration would closely monitor the development of the Mainland FTZs, with a view to seizing new business opportunities for the local sectors and enterprises.

Auditor regulatory reform

4.25 Noting that discussion was underway between the Administration and the Hong Kong Institute of Certified Public Accounts ("HKICPA") on proposals to enhance the independence of Hong Kong's regulatory regime for auditor of listed entities and there were different views between both sides on some issues concerned, Mr Kenneth LEUNG considered it hasty for the Administration to conduct a public consultation on the reform proposals in mid 2014. He stressed the importance of the Administration reaching consensus with HKICPA on related issues in developing the reform proposals and incorporating them in the consultation paper for gauging public views. Since the auditor regulatory reform involved highly specialized and technical knowledge of the audit profession, Mr LEUNG highlighted the need for the Administration to prepare the consultation paper in a simple and lucid manner and in plain language to facilitate understanding of the general public.

4.26 Ms Starry LEE conveyed the concerns expressed by SME audit firms that the auditor regulatory reform might raise the eligibility criteria for auditors of listed companies, thereby adversely affecting their market competitiveness. She considered it necessary for the Administration to consult the SME practitioners and other stakeholders before issuing the consultation paper in question.

4.27 SFST advised that the objective of the auditor regulatory reform was to enhance the independence of Hong Kong's regulatory regime for listed entity auditors with a view to ensuring that the regime was benchmarked against international standards and continued to be appropriate in the local context. In this connection, the Administration had been working closely with HKICPA and the Financial Reporting Council in drawing up various reform proposals for public consultation. He said that there was consensus among the parties on the broad directions for the reform, and the Government would continue to engage the stakeholder groups in preparing detailed proposals. SFST assured members that the Administration would take the opportunity of the forthcoming public consultation to gauge the views of a wide range of stakeholders, including listed companies, SME audit firms and other sectors, etc. He added that the Administration would take note of Mr Kenneth LEUNG's views on the matter.

Anti-money laundering

4.28 Ms Emily LAU relayed the concerns expressed by some practitioners of the financial services industry about increasing money laundering activities involving illicit funds from the Mainland and growing market manipulative activities arising from funds with Mainland sources in the midst of closer financial co-operation between the Mainland and Hong Kong. She considered that the Administration should allocate sufficient resources in 2014-2015 to address these concerns.

4.29 SFST pointed out that money-laundering and market manipulative activities were not problems unique to Hong Kong but also of global concern. The problems had been the focus of discussion among international financial regulators and relevant governmental organizations as such problems arose from financial activities involving capital flows across various jurisdictions. He stressed that Hong Kong operated an open financial market under which all market players and participants were

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subject to regulatory oversight. The Administration was mindful of the need to ensure Hong Kong's regimes in respect of anti-money laundering and information exchange were in line with the relevant international standards and requirements in tackling the problems. He assured members that FSTB would ensure that sufficient resources were available for implementing initiatives and measures in the areas concerned.

Stored value facilities and retail payment systems

4.30 Noting that HKMA would introduce the Clearing and Settlement Systems (Amendment) Bill in the 2014-2015 legislative session to regulate stored value facilities ("SVF") and retail payment systems, Mr WONG Kwok-hing enquired about the regulatory approach and how the legislative proposal would address public concerns relating to the Octopus card system, such as erroneous deductions from Octopus cards.

4.31 Head (Financial Infrastructure Development), HKMA advised that device-based multi-purpose stored value products like Octopus cards were subject to the current regulatory regime under the Banking Ordinance (Cap. 155). The purpose of the legislative proposal in question was to expand the existing multi-purpose stored value card regime to cover SVFs which were non-device-based. The new regulatory framework would include, amongst others, the licensing criteria for SVF, supervisory and enforcement powers of the regulator (e.g. on-site examinations and off-site reviews of SVF) and sanctions under the proposed regime.

Chapter V : Public Finance

5.1 Prof K C CHAN, Secretary for Financial Services and the Treasury ("SFST") highlighted the major initiatives in public finance under his purview in 2014-2015 (Appendix IV-4).

Fiscal planning of the Government

Establishment and use of the Future Fund

5.2 On the proposal of establishing the Future Fund ("FF"), Mr Kenneth LEUNG noted from the 2014-2015 Budget Speech that the Government might draw on FF in the event of sustained budget deficit to finance strategic infrastructure projects conducive to Hong Kong's future economic development. However, the Report of the Working Group on Long-Term Fiscal Planning ("the Working Group") pointed out that as it would be difficult to foresee the Government's spending priorities in the future, the use and the modus operandi of FF should be left open. Nevertheless, he considered that the Administration should provide further details of the proposed FF. Mr TANG Ka-piu also enquired whether legislative amendments would be necessary for establishment of FF.

5.3 Dr Fernando CHEUNG queried the need to establish FF separately to address the problem of soaring public expenditure arising from the ageing population since the fiscal reserves could be deployed to meet the same purpose. Dr CHEUNG said that given the possibly huge size of FF and that its scope and operation were unclear, the public and Legislative Council ("LegCo") Members were sceptical of whether the real motive of the proposal was to circumvent LegCo's monitoring over the utilization of the fiscal reserves and to hide away the Government's disposable resources.

5.4 SFST responded that the Working Group's report pointed out that Hong Kong might suffer from a structural deficit in public finance in the future and hence proposed that one of the measures that the Government should consider was to set up a reserve fund to save for rainy days and cope with Hong Kong's future needs, in particular, to meet the challenges of the ageing population. He stressed that the Administration's use of all Government's funds had been highly transparent and it had no intention to hide away Government's resources by establishing FF. On the possible uses of FF, SFST said that the Administration's initial thinking was that the fund should be used to finance non-recurrent strategic infrastructure projects instead of expenditure items which were recurrent in nature. Strategic infrastructure projects were not confined to transport infrastructure

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(e.g. construction of roads and bridges) and could cover projects affecting livelihood (e.g. the building of hospitals and elderly homes). SFST added that the proposal of setting up FF was at a preliminary state. The Administration would invite the Working Group to look into specific options for the detailed operation of FF such as whether the Fund ought to be backed by statute. The Council would be consulted when concrete proposals were formulated.

Measures to tackle the structural deficit in public finance

5.5 Ms Starry LEE expressed support for the work of the Working Group. She asked whether the work of the Working Group would cover economic development of Hong Kong in meeting its future needs. As there was public criticism about the conservative forecasts of Hong Kong's economic growth put forward by the Working Group, Ms LEE enquired about how the Working Group had worked out the forecasts and whether it had made reference to experience of overseas economies in the process.

5.6 SFST said that the Working Group was tasked to review the Government's long-term fiscal position up to around 2041, including the revenue and expenditure situations with regard to forecasts of Hong Kong's demographic trends and economic growth; and to analyze options to address the longer term funding needs of Hong Kong. The Working Group had adopted a scientific approach in carrying out its work. The Working Group had also made reference to overseas economies in making its forecasts and recommendations. The Working Group's report presented the fiscal outlook under a number of scenarios based on different long-term trend projections on economic growth, government revenue and government expenditure. SFST said that the Working Group had focused on fiscal options but the report had flagged up many other issues that would require policy deliberations such as how we could enhance labour productivity, expand the labour force, etc. To follow up these recommendations, the bureaux/departments ("B/Ds") concerned would consider the recommendations and related issues further and work out the implementation details in collaboration with the relevant government committees and stakeholders. The Administration would also request the Working Group to offer more options on FF. SFST added that the Administration and the Working Group would brief the Panel on Financial Affairs on the Working Group's report and its work very shortly.

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5.7 Dr Priscilla LEUNG pointed out that the Government was required under Articles 107 and 108 of the Basic Law ("BL") to achieve a fiscal balance and adopt a low tax policy. Dr LEUNG considered that the Administration should clearly explain to the public on this constraint imposed by BL in addressing fiscal deficits. Sharing the need for Hong Kong to maintain long-term fiscal balance, Dr LEUNG urged that the Administration should consider suggestions to turn certain expenditure items, such as medical services and elderly caring services, into enterprises, and where appropriate encourage the retirees to re-enter the labour market so as to reduce the long-term medical and social welfare expenditure of the Government.

5.8 SFST responded that in the light of challenges brought by the ageing population in Hong Kong and taking into account the Government's fiscal position and requirements of Articles 107 and 108 of BL, the Administration agreed with the need to promote economic development and contain the growth of public expenditure simultaneously. The Administration would continue to explore the use of market forces in meeting public needs and there was room for public discussion in related issues and proposals. He added that the Working Group was aware that options for addressing the long-term funding needs of Hong Kong should be consistent with Articles 107 and 108 of BL.

5.9 Noting that a number of overseas jurisdictions had implemented the Goods and Services Tax ("GST") which was considered a fairer and board based tax measure, Mr LEUNG Che-cheung asked whether the Administration would re-consider launching the tax for increasing government revenue. He opined that the strong opposition to GST during the previous consultation might partly due to public concern about surge in living costs with introduction of the tax.

5.10 SFST said that the Working Group's report had pointed out that, as compared with other jurisdictions, there were fewer tax types in Hong Kong and its tax base was relatively narrow. Introduction of new taxes would be a possible measure to widen Hong Kong's tax base and GST was a worth considering option in this regard. The Administration would study measures to address Hong Kong's narrow tax base and engage the public as appropriate.

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Government's budgetary forecast

5.11 Mr TANG Ka-piu observed that the Administration had consistently over-estimated its expenditure and under-estimated its revenue. For instance, the difference between the estimated and actual surplus/deficit in the Consolidated Account for the period between 2003-2004 and 2012-2013 had amounted to \$593 billion. This figure, together with the some \$200 billion of one-off relief measures (which were usually proposed in view of the large surplus of the financial year concerned) implemented between 2007-2008 and 2013-2014, had revealed that the Administration were over conservative in making budgetary forecasts. Mr TANG was concerned about the adverse impact of inaccurate budgetary forecasts on Government expenditure and enquired whether the Administration would review the situation for making improvement.

5.12 SFST responded that in preparing the Budget, the Administration would take into account a host of factors including economic performance and outlook, trend growth rate of the economy and Government's fiscal position. He stressed that forecast deficits in Government's revenue did not necessarily lead to reduction in public expenditure. The Administration would maintain a reasonable growth in public expenditure in meeting the needs and aspiration of society. The Administration had also implemented a number of one-off relief measures since 2008 to help the public cope with short-term financial pressure and achieve counter-cyclical economic stimulus effect for the purpose of preserving economic stability. He stressed that the Administration would increase its recurrent and non-recurrent expenditure as appropriate.

The electricity charges subsidy scheme

5.13 Noting that the Administration had not proposed subsidies for domestic electricity charges in the 2014-2015 Budget and unused subsidies in past subsidy schemes were allowed to be carried forward to 30 June 2016, Mr WONG Kwok-hing asked whether the Administration would consider waving the deadline to allow households to exhaust all the subsidies as the monthly electricity consumption level for some households, in particular the elderly households, was low. Mr WONG commented that his suggestion would prevent unnecessary wastage in electricity where households might try to exhaust all the subsidies before the deadline of 30 June 2016.

5.14 SFST responded that it was necessary to provide a deadline for implementing the electricity charges subsidies scheme. In formulating the subsidy scheme, the Administration anticipated that around 90% of all residential households would exhaust the subsidies before the deadline of 30 June 2016. As there was still a certain period before the deadline, the Administration did not envisage any problem for households in utilizing the subsidies.

Statutory declaration requirement of the Buyer's Stamp Duty

5.15 Mr WONG Kwok-hing noted from recent media reports that purchasers of property who were permanent residents of Hong Kong were required to make statutory declarations at law firms on their permanent resident status and present the original copy of the relevant sales contract when making the declaration in applying exemption from the Buyer's Stamp Duty ("BSD"). Mr WONG expressed concern that the requirements had caused inconvenience to Hong Kong residents and urged the Administration to conduct a review in this regard.

5.16 Commissioner of Inland Revenue ("CIR") clarified that the statutory declaration requirement for claiming BSD exemption served two purposes, namely to certify that the buyer concerned was a Hong Kong permanent resident, and the buyer had acquired the property on his/her own behalf. The requirement was discussed by the relevant bills committee during scrutiny of the Stamp Duty (Amendment) Bill 2012. Details of the requirements had been uploaded onto the website of the Inland Revenue Department. CIR added that the statutory declaration could be made in the District Offices of the Home Affairs Department. Copies of relevant documents like the Agreement for Sale and Purchase were also accepted in the declaration process.

Increases in tobacco duty

5.17 While supporting increasing tobacco duty to encourage smokers to quit smoking, Mr CHAN Kam-lam expressed concern about low effectiveness of the measure as the number of duty-paid cigarettes had continued to grow and the number of illicit cigarettes seized by the Customs and Excise Department ("C&ED") had increased. Mr CHAN enquired whether the Administration would review the effectiveness of the tax measure in meeting its policy objective.

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5.18 Commissioner of Customs and Excise ("C of C&E") responded that the Administration had adopted a multi-pronged approach to encourage smokers to quit smoking, including strengthening the smoking cessation programme and expanding statutory no smoking areas. Such measures had been successful in reducing the number of smokers to about 10% of local population. He added that C&ED had been adjusting its enforcement strategies to enhance the effect. For instance, the focus of enforcement actions had been extended from street retailing to storage/distribution and cross-boundary carriage of illicit cigarettes to achieve greater deterrence. The new strategy was effective. The number of illicit cigarette cases had decreased by 7% to some 800 in 2013 whereas the total number of illicit cigarettes seized increased by 20% to 83 million sticks.

Relocation of Government offices in core business districts

5.19 Ms Emily LAU questioned the policy of relocating government offices away from the core business districts as demonstrated by the conflicting decisions of the Government to re-provision the Central Government Offices and the Legislative Council building to the present prime location next to the Central waterfront while proceeding with the relocation of departments in the three government office buildings at the Wan Chai waterfront. She further sought the Administration's views on the current shortage of commercial floor area in Hong Kong.

5.20 SFST said that the Administration had observed that there was an acute shortage of commercial floor area in Hong Kong's core business districts, and relocation of non-location bound government offices from the central business districts would help provide additional commercial floor area to address the problem. Permanent Secretary for Financial Services and the Treasury (Treasury) supplemented that the plan of relocating departments in the three government office buildings at the Wan Chai waterfront was formally announced in the Financial Secretary's 2008-2009 Budget Speech. In view of the large scale of the relocation project, it would be conducted in phases. The current plan was to relocate some of the B/Ds in the three government office buildings to the new government office building under construction in the Kai Tak Development Area. Other replacement government office buildings in Tseung Kwan O and West Kowloon were under planning. It was envisaged that construction works of the West Kowloon government office building would be completed in 2018-2019.

Government's initiative to implement paperless solutions

5.21 Mr CHAN Chi-chuen was dissatisfied with the Administration's reply to his question on the volume of printed material produced by the Government Logistics Department ("GLD") for different government departments in the past three years as it had only provided the total tonnage of printed material without a breakdown by department. He pointed out that such information would be essential in assisting LegCo Members to monitor the Administration's work in implementing paperless solutions.

5.22 Director of Government Logistics ("DGL") explained that the total tonnage figures had indicated a downward trend in the production of printed materials by the Government in the past three years. Given that GLD produced a wide variety of printed material for B/Ds and that some printed materials such as forms and documents relating to the Policy Address and the Budget were shared by a number of B/Ds, it would be difficult to provide a detailed breakdown of the materials by volume and department. DGL added that while the Government had digitized a number of documents like consultation papers, the provision of printed materials was still necessary as some members of the public were unable to access the online version of the documents. To address Mr CHAN Chi-chuen's concern, DGL said that GLD would consider the possibility of providing the breakdown of printing materials by volume by broad types of individual B/Ds for Members' reference.

Chapter VI : Constitutional and Mainland Affairs

6.1 At the Chairman's invitation, Mr Raymond TAM, Secretary for Constitutional and Mainland Affairs ("SCMA"), briefed members on the main points of the financial estimates of the Constitutional and Mainland Affairs Bureau ("CMAB") in 2014-2015 (Appendix IV-5).

Public consultation on constitutional reform and promoting the Basic Law

6.2 Regarding the ongoing public consultation on the methods for selecting the Chief Executive in 2017 and for forming the Legislative Council in 2016, Mr WONG Kwok-hing said that the public should not waste time in discussing proposals which did not conform to the Basic Law ("BL"). He considered that the Administration should give timely advice to the public as to which proposals were not consistent with the relevant provisions of BL. Dr Priscilla LEUNG considered that the proposals of nominating Chief Executive candidates by civic nomination or political parties were not consistent with BL. She urged the Administration to make known its stance on these proposals. Dr CHIANG Lai-wan and Mr Christopher CHEUNG considered that the Administration should promote public understanding of the recent comments made by senior Mainland officials regarding the selection of the Chief Executive by universal suffrage.

6.3 SCMA said that since the commencement of the public consultation exercise, the Administration had stressed that any proposal on constitutional reform should be strictly in accordance with BL and the relevant Interpretation and Decisions of the Standing Committee of the National People's Congress ("NPCSC"). This message had been highlighted in the relevant Consultation Document and publicity materials. In fact, the Administration noted that more and more Hong Kong people agreed that universal suffrage had to be implemented in accordance with BL and the relevant Interpretation and Decisions of NPCSC. SCMA added that a new Announcement for Public Interests ("API") would soon be launched to further explain the need to implement universal suffrage in accordance with the relevant provisions of BL.

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6.4 Noting that the Administration had set aside about \$12 million (excluding staff cost) in 2014-2015 for public consultation on the two electoral methods, Mr SIN Chung-kai and Mrs Regina IP asked for the details of the publicity plan.

6.5 SCMA advised that after the first round of public consultation, the Administration would consolidate the views received to facilitate the Chief Executive to make a report to NPCSC around July 2014. After NPCSC had made a decision, the Administration would launch the second round of the public consultation exercise around the fourth quarter of 2014. The estimate of \$12 million mainly included provisions for printing (\$3.1 million), as well as publicity and consultation sessions (\$8.5 million) for the second stage public consultation on the two electoral methods.

6.6 In reply to Mrs Regina IP's enquiry, Permanent Secretary for Constitutional and Mainland Affairs ("PSCMA") said that the responsibilities of the seven time-limited posts created in connection with the public consultation exercise were mainly to summarize and consolidate the public views received during the consultation period. Mrs Regina IP considered that the Administration should update the APIs and relevant publicity materials to respond more promptly to some of the views received. SCMA explained that the Administration had produced a series of publicity materials including APIs, posters and advertisements in the past few months in connection with the public consultation. The Administration had rolled out two versions of APIs and a new version would soon be launched.

6.7 Mr IP Kwok-him asked whether efforts would be made to promote understanding of the constitutional status of NPCSC, in order to facilitate the public to understand the legal framework for constitutional reform. Ms Starry LEE suggested that the Administration should step up efforts in promoting public understanding of the legislative intent of BL and the constitutional basis of the design principles of the political structure of HKSAR. Mrs Regina IP said that the Administration should also promote the four major principles on constitutional development under BL.

6.8 SCMA said that the focus of the Administration's promotion efforts on BL in 2014 included constitutional development on the basis of

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BL. He advised that the BL Promotion Steering Committee chaired by the Chief Secretary for Administration would consider publicity plans for the 25th anniversary of the promulgation of BL in 2015. He undertook to relay members' views and suggestions to the Steering Committee for consideration.

6.9 Mr WONG Ting-kwong said that the Administration's past promotional work on BL had only focused on the rights of Hong Kong citizens but not their responsibilities. He considered that the Administration should strengthen publicity work in this respect. In reply to Mr WONG, Deputy Secretary for Constitutional and Mainland Affairs (2) said that a time-limited non-civil service contract post would be replaced by a Senior Executive Officer post to support the work on promotion of BL with effect from 2014-2015.

6.10 In reply to Dr Helena WONG, SCMA said that the \$16 million set aside for promoting BL in 2013-2014 did not include the \$250,000 provided by the Home Affairs Bureau ("HAB") to each District Council ("DC") for promoting BL. He added that HAB would be responsible for monitoring the use of the funding (\$250,000) by DCs.

6.11 Dr Kenneth CHAN said that it was the common aspirations of Hong Kong people to achieve genuine universal suffrage and have civic nomination. He asked whether the Administration would allocate funding in 2014-2015 to sponsor an academic institution to conduct public opinion poll on constitutional reform and host a television debate on its constitutional reform package.

6.12 SCMA advised that the Administration had no plan to conduct any public opinion poll in the first round of public consultation, but might consider it in the second stage public consultation. In response to Dr Kenneth CHAN's view, SCMA agreed to consider the format of the deliberative polling conducted by the Radio Television Hong Kong on 16 March 2014 if the Administration was to conduct any public opinion poll. He added that television debates were not expected to be held.

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Electoral services

6.13 In response to Mr Tony TSE's enquiry, Chief Electoral Officer ("CEO") explained that the provision for the Registration and Electoral Office for 2014-2015 was \$185.9 million higher than the revised estimate for 2013-2014 mainly to meet increased requirements for preparation of the 2015 DC ordinary election. Mr Tony TSE asked whether the provision included publicity on election-related activities targeting Hong Kong permanent residents residing on the Mainland, and whether it was possible for them to vote on the Mainland for the upcoming elections. CEO explained that in accordance with the existing electoral ordinances, a person would not be eligible for voter registration in any geographical constituencies or functional constituency elections if he/she could not provide a principal residential address in Hong Kong for voter registration purpose. The publicity work for the 2015 DC election would therefore only be conducted in Hong Kong and no provision was set aside for conducting publicity outside Hong Kong.

Rights of the individual

Work of the Equal Opportunities Commission

6.14 Mr TANG Ka-piu asked why the number of complaints received by the Equal Opportunities Commission ("EOC") had dropped from 738 in 2012 to 611 in 2013 and whether difficulties had been encountered by aggrieved persons in applying for legal assistance from EOC.

6.15 Deputy Secretary for Constitutional and Mainland Affairs (1) replied that EOC would try to settle a complaint by conciliation and the time taken to reach a successful conciliation would vary depending on the circumstances of individual cases. If a case was not conciliated, the aggravated persons might apply to EOC for legal assistance. The EOC Legal and Complaints Committee would consider the applications and grant assistance to meritorious cases. According to the statistics provided by EOC, the number of cases with legal assistance granted by EOC had remained stable over the past few years.

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6.16 Dr Helena WONG asked about the respective numbers of complaints relating to sex discrimination and pregnancy discrimination received by EOC that had been resolved through conciliation and those that had led to litigation. She also expressed concern on whether EOC had adequate funding for providing legal assistance to meet demands. SCMA undertook to provide the requisite information after the meeting. He said that EOC had not used up the relevant funding allocated for provision of legal assistance in 2013-2014.

6.17 Dr Helena WONG said that parents who were ethnic minorities complained that they were not provided with information on how to apply for student financial assistance for their children. Noting that EOC would set up an Ethnic Minority Taskforce to enhance support to ethnic minorities, she asked whether the Administration would also strengthen support measures to meet the needs of ethnic minorities. SCMA replied that as announced in the 2014 Policy Address, enhanced measures would be taken by the Education Bureau and the Home Affairs Department to meet the needs of ethnic minority students and facilitate the integration of ethnic minority residents into the community.

6.18 Mr YIU Si-wing and Mr IP Kwok-him expressed concern on whether any measures would be taken to tackle the discriminatory acts by some Hong Kong people against Mainland visitors. Ms Starry LEE asked whether the Government had clarified through the Hong Kong Economic and Trade Offices on the Mainland ("Mainland Offices") that most Hong Kong people were not against Mainland visitors and that it was only a minority of them who had engaged in such acts. Mr MA Fung-kwok also expressed concern as to what measures would be taken by CMAB to tackle the increase in severity of conflicts between Hong Kong and Mainland residents.

6.19 SCMA advised that he had exchanged views with the Chairperson of EOC and noted that EOC was planning to conduct a study on whether the Race Discrimination Ordinance (Cap. 602) should be amended to cover Mainland people and new arrivals. SCMA suggested that the issue could be further discussed with the Chairperson of EOC when he attended the meeting of the Panel on Constitutional Affairs on 23 April 2014. SCMA

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said that the Government attached great importance to resolving conflicts between Hong Kong and Mainland residents. In this connection, CMAB would allocate more resources to the Mainland Offices in 2014-2015 for enhancing liaison with the Mainland authorities and strengthening publicity to enhance Mainland people's understanding of Hong Kong. He undertook to relay members' views and concerns to the Steering Committee on Co-operation with the Mainland.

Promotion of rights of sexual minorities

6.20 Mr CHAN Chi-chuen asked about the number of organizations which had adopted the Code of Practice against Discrimination in Employment on the Ground of Sexual Orientation ("CoP"). Citing the case of a Christian international school requesting its staff to sign an undertaking to abide by biblical ethics and integrity, Mr CHAN asked whether the Administration would remind the school concerned to comply with CoP and the consequence if the school refused. SCMA said that he had written to a number of public and private sector organizations to appeal to them to adopt CoP. He undertook to provide supplementary information on the feedback received.

6.21 Mr CHAN Chi-chuen pointed out that while the budget for the consultancy study on discrimination experienced by sexual minorities in Hong Kong was only \$445,000, the budget for the one on experience of overseas jurisdictions in implementing anti-stalking legislation was \$850,000. He asked what accounted for the difference in the budget, and whether the findings of the former study would be made public. Under Secretary for Constitutional and Mainland Affairs advised that CMAB had followed normal procurement procedures in respect of the two consultancy studies. Due to the difference in nature between the two studies, the budgets involved also varied. He explained that the Administration had, on the advice of the Advisory Group on Eliminating Discrimination against Sexual Minorities, commissioned the consultancy study on discrimination experienced by sexual minorities in Hong Kong. The study was expected to be completed by the second half of 2014. The results of the study would be reported to the Advisory Group, which would decide whether the findings should be released.

Mainland affairs and co-operation with Taiwan

6.22 Mr YIU Si-wing asked whether there was collaboration between the Mainland Offices and the Hong Kong Tourism Board. PSCMA advised that the Mainland Offices as well as the offices of the Hong Kong Tourism Board and of the Hong Kong Trade Development Council had played different roles and they complemented each other. She added that the Mainland Offices were set up to enhance liaison, communication, trade and commercial relations between Hong Kong and the Mainland and had a particular role in enhancing Government-to-Government co-operation.

6.23 Mr Tony TSE asked about the work of the Mainland Offices in providing updated information on important issues (e.g. electoral issues) to Hong Kong residents living in the Mainland. PSCMA advised that following the announcement in the 2013 Policy Address to take forward work on "homeland relationship", the Government had increased the manpower of the Mainland Offices to strengthen liaison with Hong Kong businessmen and residents in the Mainland to understand their needs and provide suitable assistance. With the setting up of more liaison units in the Mainland, provision of support and dissemination of information to Hong Kong residents and bodies would also be strengthened.

6.24 Mr James TIEN asked whether the Mainland Offices would offer other practical assistance to Hong Kong firms and residents encountering problems in the Mainland, apart from making referrals to local government departments. PSCMA advised that the Mainland Offices collaborated with offices of the Hong Kong Tourism Board and the Hong Kong Trade Development Council in the Mainland in providing better services to Hong Kong residents and businesses in the Mainland.

6.25 Dr CHIANG Lai-wan asked about the considerations for determining the location of the new Mainland Offices and their liaison units and whether there were any statistics to substantiate these decisions. SCMA explained the considerations involved, including the number of Hong Kong firms and residents in the relevant provinces and municipalities; their position in the national strategy for regional development; development potential of the relevant provinces and municipalities; the

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views of the provincial and municipal governments concerned about the setting up of Mainland Offices and liaison units, etc. In light of these factors, the Administration had decided to set up the new Economic and Trade Office ("ETO") in Wuhan. The Administration had provided statistics relating to the setting up of Wuhan ETO to the Finance Committee and would be happy to provide the same to the Panel on Commerce and Industry if required. In addition, the Administration intended to set up a liaison unit in Shenyang of Liaoning Province to capitalize on the opportunities brought about by the rapid economic development in the Central and Northeast Regions of the Mainland. The Administration would also decide on the location of the liaison unit in the Eastern Region at a later stage.

6.26 Mr TAM Yiu-chung sought details of the financial provision of \$251.6 million for the Mainland and Taiwan Offices in 2014-2015, which represented an increase of 22.4% when compared with the revised estimates for 2013-2014. PSCMA explained that the increase was mainly due to the setting up of a ETO in Wuhan and two more liaison units in the Northern and Eastern Regions of the Mainland and the related staff cost; the establishment of an Immigration Division of Chengdu ETO; and co-hosting of the 10th Pan-Pearl River Delta Region Co-operation and Development Forum cum Trade Symposium jointly with Guangdong Province and Macao.

6.27 Mr TAM Yiu-chung further asked whether the Hong Kong Economic, Trade and Cultural Office ("HKETCO") in Taiwan would make specific efforts to clarify misunderstanding of some Taiwanese about the impacts of the Mainland and Hong Kong Closer Economic Partnership Arrangement ("CEPA") as well as the Individual Visit Scheme on Hong Kong. PSCMA advised that one of the major roles of the Mainland Offices and HKETCO was to facilitate the Mainland and Taiwanese to understand the developments of Hong Kong through economic, tourism and cultural exchanges. Director, HKETCO (Taiwan) explained that HKETCO would continue to promote understanding of the economic situations of Hong Kong, including the impact of CEPA, through liaison with Taiwan's trade organizations as well as by organizing seminars and forums for Taiwan people. In response to Mr CHUNG Kwok-pan's

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enquiry, SCMA undertook to provide a breakdown of the estimated provision (including the percentage of increase) for the Mainland and Taiwan Offices in 2014-2015 by the individual Offices, including details of the increase in workload to be undertaken by HKETCO in 2014-2015.

6.28 Regarding regional co-operation between Hong Kong and the Mainland, Mr CHUNG Kwok-pan asked how Hong Kong would play the role of "Super-Connector" and open up business opportunities for Hong Kong trade. SCMA said that Hong Kong should make use of its strengths in individual sectors to attract investment. The HKSAR Government had also organized investment promotion work jointly with the provincial and municipal governments in the Mainland, particularly the Guangdong Province.

6.29 Mr WONG Ting-kwong sought details of the 390 visitors assisted and 2 159 enquiries handled by HKETCO in 2013 and expressed concern on whether HKETCO had adequate resources to cope with the work. Director, HKETCO (Taiwan) explained that most of the visitors assisted were members of delegations from Hong Kong trade organizations, cultural groups and students visiting Taiwan. HKETCO had also handled enquiries relating to provision of assistance to Hong Kong people in Taiwan, Hong Kong-Taiwan economic and trade matters, applications for entry visas to Hong Kong, etc. He said that HKETCO had adequate manpower to cope with the workload so far.

6.30 Regarding the groundwork to complement the drafting of the National 13th Five-Year Plan, Ms Cyd HO asked about the work involved in identifying issues for study, such as which sectors would be consulted and whether the Administration had any plan to consult the public. PSCMA advised that relevant bureaux and departments were consulting the relevant sectors and advisory committees to solicit their views on the areas of study. She undertook to provide supplementary information on the areas of study. SCMA said that the Administration would inform the Panel on Commerce and Industry on work of the Government to complement the National 13th Five-Year Plan.

Expenses on entertainment and gifts

6.31 In reply to Ms Emily LAU's enquiry, SCMA confirmed that the Administration had recently clearly specified that the expenditure limits on entertainment in the form of official meals (i.e. \$450 per person for lunch or \$600 per person for dinner) should include "all expenses incurred on food and beverages consumed on the occasion, service charges and tips". Ms Emily LAU further asked whether the amount of expenses on entertainment incurred by CMAB in 2011-2012, 2012-2013 and 2013-2014 (i.e. \$168,000, \$139,000 and \$116,000, respectively) had covered all entertainment expenses and gifts of CMAB. PSCMA advised that the figures reflected the actual expenses under the Departmental Entertainment Vote for local entertainment incurred by CMAB in accordance with the existing guidelines on the bestowal of gifts and provision of official meals. SCMA explained that the reduction in these expenses was the result of the decrease in the number of official meals hosted by CMAB.

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7.1 At the Chairman's invitation, Mr LAI Tung-kwok, Secretary for Security ("S for S") briefed members on the main initiatives and expenditure on the policy area of security for 2014-2015 (Appendix IV-6).

Police

Handling of public meetings and processions

7.2 Mr WONG Kwok-hing said that some media commentaries provoked people to imitate the Taiwan student movement against the Cross-Strait Agreement on Trade in Services, which involved occupying the premises of the Legislative Yuan and the Executive Yuan. He asked whether it was lawful for people to occupy places or districts in Hong Kong. He also asked how the Administration would maintain law and order, if some members of the public occupied the Legislative Council Complex in Hong Kong.

7.3 S for S said that as there were media commentaries on the Taiwan student movement from different perspectives, he believed that people of Hong Kong would exercise their own judgement when reading these commentaries. He said that everyone should abide by the law. Where there was a breach of the law, the Police would take enforcement actions. To his knowledge, the Legislative Council Commission would discuss how to deal with situations in which the Legislative Council Complex was occupied. He said that the Police was ready to provide advice to the Legislative Council, if necessary.

7.4 Mr Christopher CHEUNG asked whether the Administration had made assessments and drawn up contingency plans for handling situations which might arise from the Occupy Central movement. He also asked whether the Administration had plans to visit Taiwan and study their strategy and experience in handling unlawful public meetings.

7.5 S for S responded that the organizers of the Occupy Central movement had repeatedly called for a long-term sit-in protest of tens of thousands of participants at trunk routes of the Central District to paralyze the financial district. Such act of bringing traffic in the district to a halt

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was in breach of the law. The Administration had full confidence in the Police, which was a professional law enforcement agency with considerable experience and capabilities in handling large-scale public order events, in the enforcement of the law in a fair and impartial manner. The Administration had no plans to visit Taiwan to study their experience in handling public meetings. He stressed that when expressing their aspirations, participants of mass demonstrations should abide by the laws of Hong Kong and conduct the activities in a peaceful manner without disrupting public order or committing any act of violence.

7.6 Dr Priscilla LEUNG expressed concern that the organizers of Occupy Central had repeatedly indicated their intention to paralyze the Central District. She asked whether there would be sufficient police manpower to cope with situations which might arise. She considered that students should be made aware of the impact of paralyzing the Central District on the society and the economy of Hong Kong.

7.7 Commissioner of Police ("CP") responded that the Police had a responsibility to protect public order and public safety. Although it was difficult to anticipate the situations that might arise, it was the Police's practice to conduct risk assessment and make appropriate preparations before major events. He hoped that members of the public would express their views in a lawful and peaceful manner.

7.8 Mr YIU Si-wing said that there had been a substantial drop in the number of visitors to Bangkok in recent months when its business districts were occupied by demonstrators. He asked whether the Administration had assessed the impact of the Occupy Central movement on the number of visitors to Hong Kong. S for S responded that the Administration would closely monitor the situation.

Procurement of specialized unmarked armoured vehicles

7.9 Noting that three specialized unmarked armoured vehicles to be procured by the Police would mainly be used for handling dangerous criminal cases and operations involving protection of important persons, Mr Gary FAN asked about the number of such cases and operations in the

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past three years. He expressed concern whether these vehicles would be used for handling the Occupy Central movement.

7.10 CP responded that the vehicles would mainly be used by the Special Duties Unit of the Police for anti-terrorist operations, handling dangerous criminal cases involving firearms and high-risk operations of protecting important persons. The use of armoured vehicles procured could not be changed arbitrarily. They were civilian vehicles designed for the protection of passengers from firearms and ammunition.

Criteria for the allocation of resources to police districts

7.11 Mr LEUNG Che-cheung expressed concern that the number of domestic incidents in Yuen Long District, which had been developing rapidly in recent years, had remained at a high level over the past five years. He asked whether the Police would allocate more resources to meet policing needs in the district.

7.12 CP responded that in view of the development of North East New Territories, the Police would conduct a review on the demarcation of police districts in the region, having regard to population size, crime rate and the development of new infrastructures in the region.

7.13 Mr LEUNG Che-cheung asked why a police district would be established in Tseung Kwan O ("TKO") but not in Tin Shui Wai where the population size was larger. CP explained that in view of the infrastructural developments at Kowloon East and Anderson Road, the Police had reviewed the demarcation of police districts in the Kowloon East Region. TKO police division would be upgraded to a police district because of the rapid increase in population in the district over the past few years, the crime situation in the district and the possible merging of Sai Kung Police Division into TKO Police District.

Employment of non-ethnic Chinese

7.14 Noting that a total of 15 non-ethnic Chinese were employed as Community Liaison Assistants ("CLTs") in 14 police districts, Mr IP

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Kwok-him asked whether such a number of CLTs were adequate for maintaining communication with the community of non-ethnic Chinese in Hong Kong.

7.15 CP responded that the Police was committed to promoting community relations with different sectors of the society, including the non-ethnic Chinese community. The Police maintained communication with the non-ethnic Chinese community through CLTs, promotion of the Junior Police Call programme ("JPC") to non-ethnic Chinese youths and communication with their religious leaders. He said that there was no quota on the number of CLTs and any police district in need of more CLTs could submit a request for the allocation of resources for the purpose.

Liaison with the youths

7.16 Mr IP Kwok-him asked whether the Police would, besides promoting liaison with the youths through JPC, seek to promote liaison with other youths. CP responded that besides JPC, the Police was running over 50 co-operative programmes involving the youths, including youths at risk and young people who had been cautioned under the Police Superintendent's Discretion Scheme.

Video-clips of public order events

7.17 Mr Kenneth LEUNG sought information on the average and maximum duration for which video clips taken by the Police during public order events from 2011 to 2013 were retained and the breakdown of such numbers by the reasons of retention for evidence purpose and investigation. CP responded that the percentage of video clips retained for evidence purpose or investigation was very small. He said that some video clips used for investigation purpose might subsequently be presented as evidence. There were stringent guidelines on the storage, copying and destruction of video clips. Mr LEUNG requested the Administration to provide statistics on video recording conducted by the Police at public order events.

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Use of body-worn video cameras

7.18 Mr CHAN Kin-por said that the use of body-worn video cameras ("BWVCs") by the Police was recently discussed by the Panel on Security and it could be noted that the results of the first phase field trial was satisfactory with persons apparently becoming calm and restrained when being video-filmed in a number of cases and the footage concerned serving as a fair video-record of what happened at the scene. He queried why BWVCs were not put into full use and only 274 BWVCs would be procured in 2014-2015.

7.19 CP responded that no footage captured with BWVCs had been presented as evidence in court, as the accused had either pleaded guilty or agreed to be bound over in the cases concerned. It would be more appropriate to consider the future use of BWVCs after BWVCs evidence had been tested in trials in court, and a second phase field trial would be launched. He added that because of technological development, BWVCs might in future be incorporated into the communication equipment of police officers and thus BWVCs were not procured in large quantities.

Handling of victims of sexual violence cases

7.20 Dr Helena WONG expressed concern that some victims of sexual violence cases had complained of being required to undergo lengthy procedures and not being allowed to be accompanied by staff of a sexual violence concern group when statements were taken. She expressed concern whether sufficient training and guidelines were provided to police officers who handled such cases.

7.21 CP responded that one-stop service was provided by police officers of the same sex to victims of sexual offences at 17 public hospitals. Where necessary, referral would be made to social workers for follow-up. The Police would arrange a video interview at a Vulnerable Witness Interview Suite, if necessary. It was the Police's objective to handle all sexual violence cases with understanding and empathy for avoiding further harm to the victims, provide necessary support service and bring the offenders to justice.

Penalties for drug driving and drink driving

7.22 Mr Frankie YICK queried why there were differences in the maximum penalties for drink driving and drug driving. He also asked whether the existing penalty levels had sufficient deterrent effect. CP responded that a three-tier penalty system had been adopted for drink driving whereas zero-tolerance was adopted for drug driving. He said that after the enactment of legislative amendments on drink driving, the Police had increased screening breath tests on drivers by 22.6% and the percentage of drivers who failed the test had decreased by 0.33%. In cases where the Police considered that the sentence imposed in a case was too light, it would request the Department of Justice to consider seeking a review of the sentence.

Handling of non-refoulement claims

7.23 Mr TANG Ka-piu expressed concern that there were 6 699 outstanding non-refoulement claims, among which 2 962 were lodged by rejected or withdrawn claimants. He asked whether there was a timeline for processing all the outstanding claims.

7.24 S for S responded that a number of claimants whose torture claims had been rejected had, after the rulings by the Court of Final Appeal ("CFA") in December 2012 and March 2013, submitted another non-refoulement claim based on applicable ground other than torture, thus leading to an increase in the number of outstanding non-refoulement claims. With the existing manpower deployed for handling such claims, it was expected that about 1 500 claims could be processed in a year.

7.25 Dr CHIANG Lai-wan expressed concern that the number of non-refoulement claims had recently increased and the number of substantiated torture claims was very low. She said that some claimants were found gathering at certain districts in the New Territories and posing a threat to the security of residents in the districts. She expressed concern about the average time needed for processing a non-refoulement claim and asked whether the processing of applications could be expedited.

7.26 Director of Immigration ("D of Imm") responded that there had been many cases of abuse of non-refoulement claims in the past and a number of claimants whose torture claims had been rejected had, following the rulings by CFA, submitted another non-refoulement claim based on applicable ground other than torture, thus resulting in an increase in the number of outstanding non-refoulement claims. Although the Immigration Department ("ImmD") would try its best to expedite the processing of claims, the time taken between the lodging and determination of a claim varied from one case to another. In cases where the claimant lodged an appeal or applied for a judicial review, the time taken would even be longer. He added that as many non-refoulement claimants had been found undertaking illegal employment in Hong Kong, ImmD was also combating the problem through taking enforcement actions against employers of illegal workers.

Investigation of cases relating to One-way Permits by ImmD

7.27 Mr Gary FAN asked about the rank and number of immigration staff involved in the investigation of cases of One-way Permits ("OWP") holders who came to Hong Kong for settlement by means of bogus marriage with Hong Kong residents. He expressed concern about the number of cases where investigation was initiated by ImmD.

7.28 D of Imm responded that a dedicated team comprising about 20 immigration staff was responsible for investigating cases involving OWPs obtained by means of bogus marriage. Such cases were mainly identified in operations against vice activities and illegal employment or upon receipt of complaints or intelligence.

Immigration clearance for visitors

7.29 Mr YIU Si-wing asked whether the Administration had estimated the number of Mainland visitors who would use e-Channels for immigration clearance after a new card-type electronic Exit-entry Permit for Travelling to and from Hong Kong and Macao was issued by the Mainland authorities and assessed the immigration manpower needed. He also asked whether

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the Administration had assessed the immigration manpower requirement for the new control points at Guangzhou-Shenzhen-Hong Kong Express Rail Link, the Hong Kong-Zhuhai-Macao Bridge and Liantang/Heung Yuen Wai Control Point.

7.30 D of Imm responded that the Administration constantly monitored the number of visitors and reviewed the immigration manpower requirement. In the coming year, more than 80 additional immigration staff would be allocated to various immigration control points. Besides increasing immigration manpower, ImmD had sought to facilitate immigration clearance through the addition of more e-Channels and the introduction of non-stamping immigration clearance for visitors. ImmD had also drawn up the manpower requirement for the three new immigration control points and submitted requests for necessary manpower under the resource allocation mechanism.

7.31 Mr Albert CHAN expressed concern that the number of Mainland visitors holding multiple-journey individual visit endorsement valid for one year had increased from about six million in 2011 to about 12 million in 2013. He considered that this had led to problems arising from parallel trading activities and overcrowding in train compartments. He said that the Administration should reflect the problem to the Mainland authorities or consider introducing a departure tax for visitors.

7.32 Ms Claudia MO expressed concern about a rapid increase between 2009 and 2013 in the number of arrivals with multiple-journey individual visit endorsement valid for one year. She considered that the Administration should at least request the Mainland authorities to reduce the number of multiple-journey individual visit endorsements or introduce a land departure tax for visitors.

7.33 S for S responded that according to statistics for 2013, the number of Mainland visitors holding multiple-journey individual visit endorsement valid for one year and those holding single or double-journey individual visit endorsement were at about the same level.

Employment of non-local graduates

7.34 Dr Helena WONG noted that the number of non-local graduates allowed to take up employment in Hong Kong had increased from 3 222 in 2009-2010 to about 8 000 in 2013-2014. She expressed concern about the impact of such increase on the employment opportunities of local graduates. She asked why the number of applications received from non-local graduates from the Mainland was 3 222 whereas the number of applications approved was 3 262. S for S responded that non-local graduates were a source of professional manpower for the workforce of Hong Kong. A number of these graduates had left after working in Hong Kong for a few years.

Protection of foreign domestic helpers against abuse by employers

7.35 Ms Emily LAU asked whether ImmD had sufficient resources for protecting foreign domestic helpers ("FDHs") from abuse by employers. D of Imm replied in the affirmative. He said that FDHs were encouraged to report cases of abuse by employers. ImmD would examine reasons for premature contract termination and refer the cases to the Police, if there was any indication of abuse. Employers who had previously abused FDHs would not be allowed to employ FDHs again. Information on the requirements in labour legislation and other relevant information were disseminated through the relevant consulates in Hong Kong.

Official entertainment expenses of disciplined services

7.36 Ms Emily LAU sought information on the reasons for the decrease in official entertainment expenses of disciplined services. S for S responded that official entertainment was hosted on a need basis in compliance with the new guidelines issued by the Administration. Official entertainment expenses would generally drop with a decrease in the number of visitors. In cases where the expenses exceeded the ceiling set out in the Administration's guidelines, such as those arising from last-minute absence of some guests, the matter would be documented in accordance with the Administration's guidelines.

Notification mechanism and contingency measures relating to nuclear incidents

7.37 Dr Kenneth CHAN expressed concern about the operational event at Ling Ao Nuclear Power Station announced by the Administration on 28 March 2014. He said that according to a survey conducted by the Civic Party, 70% of the respondents did not know what to do in the event of a nuclear incident near Hong Kong and 70% of the respondents lacked confidence in the Administration's contingency measures against nuclear incidents. He asked whether the Administration would step up public education and conduct drills on nuclear incidents in the year ahead.

7.38 S for S responded that the Hong Kong Special Administrative Region Government and the Guangdong authorities had established a contingency notification mechanism for emergency events at the Daya Bay Nuclear Power Station. After the Fukushima nuclear power plant incident in March 2011, the Administration had comprehensively reviewed and enhanced the notification mechanism. Under the revised notification mechanism, notification would also be made of emergency events classified at Level 0 to Level 2 of the International Nuclear Event Scale, the notification of which was not required in the past. The Mainland authorities had so far complied with the requirements under the enhanced notification mechanism. He added that public education programmes regarding how to react in the event of nuclear incidents had been launched by the Administration on an ongoing basis. The operational event at Ling Ao Nuclear Power Station announced on 28 March 2014 only involved temporary failure of a piece of monitoring equipment. It was a Level 0 event and the incident had been notified within two working days.

Drug treatment and rehabilitation

7.39 Noting that there were 413 service places in Drug Treatment and Rehabilitation Centres ("DTRCs") but only 301 cases served between April and December 2013, Mr KWOK Wai-keung asked whether there were vacant places in DTRCs. He said that many frontline social workers had complained of a lack of sufficient drug rehabilitation places. Noting that only a small quantity of Ecstasy-type tablets was seized in 2013, he

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expressed concern whether there was a lack of sufficient resources for combating the supply of such drug.

7.40 Commissioner for Narcotics responded that as the statistics on cases served between April and December 2013 did not include cases not completely processed, the vacancy situation at DTRCs could not be deduced directly from the figures shown. Besides DTRCs, counselling centres for psychotropic substance abusers and centres for drug counselling also provided support for those with drug problems. The Administration was confident that current drug counselling and rehabilitation services were able to meet the demand.

Management of records by disciplined services

7.41 Ms Cyd HO expressed concern that only a small quantity of administrative records and no programme records had been transferred from the Security Bureau ("SB") to the Government Records Service ("GRS") in 2011-2013 for appraisal. She queried whether SB had adopted any mechanism for monitoring compliance with the guidelines on management of records issued by the Director of Administration in 2009.

7.42 Permanent Secretary for Security responded that all records of SB were handled in compliance with the guidelines issued by GRS on retention and disposal of records. Lists of records were provided periodically to GRS for determination of whether they should be transferred to GRS for retention or destruction.

7.43 Ms Cyd HO queried why a huge number of records had been transferred from the Police to GRS from 2011 to 2013 for appraisal at one time. She sought information on the ranks of staff responsible for the management of records in the Police.

7.44 CP responded that the Police had all along managed its records in compliance with the relevant guidelines issued by the Administration. The management of records of the Police headquarters was overseen by a Chief Executive Officer and the management of records of each police regions was overseen by a Senior Executive Officer.

Investigation into the collision of vessels near Lamma Island on 1 October 2012

7.45 Mr James TO expressed concern about the lengthy time involved in the Police's investigation into the case of collision of vessels near Lamma Island on 1 October 2012, given that the Commission of Inquiry into the Collision of Vessels near Lamma Island on 1 October 2012 had already submitted its report. He also expressed concern about the progress of investigation into the incidents involving DR Medical Beauty Group. CP responded that the Police was interviewing relevant staff of the government departments and companies in the case of vessel collision near Lamma Island and the Police aimed to complete the investigation as soon as possible. As the DR Medical Beauty Group case involved medical issues, the investigation work did not only involve the Police and thus more time was needed.

Government Flying Service ("GFS")

7.46 Mr MA Fung-kwok expressed concern that two Jetstream 41 fixed-wing aircraft of GFS had accumulated 1 137 flying hours in 2013-2014 while the single engine fixed-wing aircraft ZLIN242L and the light twin engine fixed-wing aircraft DA42NG had only accumulated 49 flying hours and 80 flying hours respectively during the same period. He asked whether the use of the latter two types of aircraft were consistent with their intended purpose.

7.47 Controller, Government Flying Service ("C/GFS") responded that the two Jetstream 41 fixed-wing aircraft were mainly deployed for long-range search, rescue and other tasks such as aerial survey. The single engine fixed-wing aircraft ZLIN242L was mainly deployed for induction training for junior pilots and the light twin engine fixed-wing aircraft DA42NG was mainly used for route training of trainee pilots. The statistics for 2013-2014 were lower because some newly recruited junior pilots were receiving basic training overseas.

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7.48 Mr James TO said that to his knowledge, the ministry of national defence of a certain country had opposed the export of a certain type of rescue radar system and infrared detector to Hong Kong. As the two Challenger 605 fixed-wing aircraft procured by GFS and awaiting delivery would be equipped with the rescue radar system and infrared detector concerned, he expressed concern whether the aircraft supplier could obtain the necessary export certificates for delivery of the two aircraft to Hong Kong. C/GFS responded that the equipment concerned had already been procured by the aircraft supplier and installed in the two Challenger 605 fixed-wing aircraft. However, the delivery of the two aircraft had been delayed because of an unforeseen flying stability issue. Mr James TO requested the Administration to provide information on whether export certificates had been obtained for export of the rescue radar system and infrared detector concerned to Hong Kong.

Manpower of the Customs and Excise Department

7.49 Mr TANG Ka-piu asked whether customs manpower would be increased in line with an increase in the number of travellers at control points.

7.50 Commissioner of Customs and Excise explained that customs operations against illicit activities were not confined to those at boundary control points, but also other parts of Hong Kong. A more effective way of handling the situation was to improve risk management, sharpen target profiling and strengthen the exchange of intelligence with law enforcement agencies of other jurisdictions as well as analysis of information provided by other stakeholders such as airline companies, travel agencies and logistics companies.

Combating parallel trade activities

7.51 Mr CHUNG Kwok-pan noted that ImmD had established a watch list of suspected parallel traders. He expressed concern that although the accumulated number of suspected parallel traders on the watch list had increased from 4 512 in March 2013 to 8 786 in February 2014, the number of visitors who were rejected entry due to suspected involvement in parallel

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trading activities had decreased from 1 365 to 475 during the same period.

7.52 S for S explained that, as suspected parallel traders would not be removed from the watch list, the accumulated number of suspected parallel traders on the list would increase with time. The decrease in the number of persons rejected entry due to suspected involvement in parallel trading activities reflected the effectiveness of the watch list. He added that the Mainland authorities had installed a red-light system for Mainland visitors who crossed the boundary for three times or more within a day. D of Imm said that when a person on the watch list arrived in Hong Kong, he would be questioned by immigration personnel regarding his purpose of visit before a decision was made on whether to allow the person to enter Hong Kong. Since March 2013, over 14 000 visitors had been refused entry into Hong Kong for suspected involvement in parallel trade activities.

Employment opportunities for rehabilitated offenders

7.53 Mr CHUNG Kwok-pan asked about the willingness of employers to employ rehabilitated offenders who had received vocational training. Commissioner of Correctional Services responded that seminars were organized each year to encourage employers to hire rehabilitated persons. Over the years, the Correctional Services Department had built up a list of "Caring Employers" who were willing to employ rehabilitated offenders. Job vacancies were displayed on notice boards of penal institutions to facilitate persons in custody who would be released within three months to seek employment before discharge.

Progress of the Administration's follow-up work regarding the Manila hostage-taking incident

7.54 Mr CHAN Chi-chuen expressed concern about the progress of the Administration's discussions with the Philippine government on the follow-up actions and compensation arrangements regarding the Manila hostage-taking incident. He sought information on the number of discussions held between the two sides in the past three years and the expenditure incurred.

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7.55 S for S responded that there had been many rounds of discussions between the Administration and the Philippine side on the four demands of the victims and their families, with a view to working towards a mutually satisfactory conclusion. Although it was inappropriate for him to disclose the number of such discussions at an open meeting, victims and their families were constantly updated on the detailed progress of discussions. No expenditure had been incurred in such discussions.

Chef posts in ambulance depots

7.56 Mr KWOK Wai-keung expressed concern that although there would be a net increase of 137 posts in the Fire Services Department in 2014-2015, the number of chef posts for ambulance depots had continuously declined. He asked whether there would be any further decrease in the number of chef posts for ambulance depots in 2014-2015.

7.57 Director of Fire Services responded that chef posts belonged to the voluntary retirement grades. Vacancies of such posts would not be filled and the work concerned would be outsourced.

Chapter VIII : Environment

8.1 At the invitation of the Chairman, Mr WONG Kam-sing, Secretary for the Environment ("SEN"), briefed members on the financial provisions and the main initiatives of the Policy Area: Environment for the 2014-2015 financial year (Appendix IV-7).

Support to the recycling industry

8.2 Mr WONG Kwok-hing expressed concern about the recycling of waste plastics, which were usually of low market value. SEN responded that to strengthen efforts in promoting the development of the recycling industry, the Steering Committee to Promote the Sustainable Development of the Recycling Industry ("the Steering Committee"), which was led by the Chief Secretary for Administration, had been established to examine in depth the recycling operations of different types of recyclables. The Steering Committee would formulate support programmes and measures for individual recyclable types, which included enhancing the provision of land of sufficient tenure for the recycling industry and promoting training and development of the workforce.

8.3 Noting that a waste battery recycling company in Phase 1 of the EcoPark could not be commissioned in accordance with the lease agreement, Mr KWOK Wai-keung expressed concern about the operating difficulties encountered by the local recycling industry. Permanent Secretary for the Environment/Director of Environmental Protection ("PSEN/DEP") advised that the development of the EcoPark was a Government initiative to promote the recycling industry by providing relatively cheap land with good infrastructure and ancillary facilities. The lease agreement of the Ecopark included commencement date of the operation as committed by the tenant. In the current case, the plant had not started operation despite the long delay and certain licensing requirements were still not met. Given the tenant's prolonged delay in fulfilling the lease agreement, the Environmental Protection Department had initiated the legal process for terminating the lease agreement. Nevertheless, PSEN/DEP assured members that this was an isolated case and the tenants were generally keeping to the plans on design, constructing, testing or commissioning of their plants and operations.

8.4 Noting that the Administration had earmarked \$1 billion for setting up a Recycling Fund to support different recycling operations, Ms Cyd HO

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enquired about the specific uses, administration and operation of the Recycling Fund. Under Secretary for the Environment ("USEN") responded that the Administration was reviewing the recycling operations of different types of recyclables. Given the uniqueness of individual recyclable materials, the Administration would formulate support programmes and measures for them. The Administration would also work out details of the operation and use of the Recycling Fund for consultation with the Panel on Environmental Affairs ("EA Panel") in 2014.

8.5 In response to Ms Cyd HO's further enquiry about the progress of the consultancy study conducted by the Hong Kong Productivity Council on the operation and situations of different types of recyclables in Hong Kong, USEN explained that different types of recyclables involved different modes of collection and operation. The Administration was liaising with the waste collection and recycling trade to study the detailed operation and situations of different types of recyclables and would later issue a report of the consultancy study.

8.6 Miss CHAN Yuen-han said that the Administration had failed to make any concrete achievements in promoting the sustainable development of the recycling industry. Although \$1 billion had been earmarked for the Recycling Fund, the mode of operation of the Fund and other support measures for the recycling trade had yet to be formulated. SEN reiterated that as the recycling operations of different types of recyclables varied greatly, the Government needed time to study the detailed operation and situations of different types of recyclables and formulate appropriate support measures to suit the circumstances of the trade.

8.7 Mr SIN Chung-kai enquired whether the Administration would consider using the Recycling Fund to set up recycling companies to treat waste. SEN responded that the Administration put great emphasis on waste recycling and had been striving to promote recycling operations. For example, the Administration was building Organic Waste Treatment Facilities ("OWTF") in phases to recycle source-separated organic waste (mostly food waste) into biogas for electricity generation and compost products. OWTF Phase 1 in Siu Ho Wan was expected to commence operation in 2016. With the establishment of the Recycling Fund, the Administration would formulate support programmes and measures to help promote sustainable development of the recycling industry. PSEN/DEP

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supplemented that the Administration would expedite the progressive implementation of different mandatory Producer Responsibility Schemes, with priority accorded to glass beverage bottles and waste electrical and electronic equipment.

Solid waste management

8.8 Miss Alice MAK enquired whether the bottom ash generated from the Integrated Waste Management Facilities ("IWMF") Phase 1 could be reused as construction material instead of being disposed of at landfills, so as to prolong the life of the landfills. Deputy Director of Environmental Protection (2) ("DDEP(2)") responded that the Administration was studying whether the bottom ash could be reused as construction materials. To reduce reliance on landfill for waste disposal, the Administration would plan for the long-term strategic development of waste management facilities in Hong Kong. However, as there would always be some inert or non-combustable waste that could not be avoided and incinerated, landfills would still be required as the last resort for waste disposal. The year of exhaustion of the three strategic landfills depended on various factors, including the overall waste disposal rate and the effectiveness of different waste reduction measures.

8.9 Miss Alice MAK and Mr TANG Ka-piu pointed out that some remote villages with sparse population were not supplied with tap water (e.g. Tai Long Village at the southern coast of Lantau Island which was very close to IWMF Phase 1). They enquired whether the Administration would consider providing water supply services as betterment measures to residents living in the vicinity of environmental infrastructure facilities. Ms Emily LAU and Mr SIN Chung-kai also saw the need to adopt improvement measures to enhance the living environment of the districts where environmental infrastructure facilities were located.

8.10 DDEP(2) responded that it was uncommon in overseas countries to provide improvement measures as compensation to residents living in the vicinity of waste treatment and disposal infrastructure. Rather, many waste treatment facilities in overseas countries had incorporated social, recreational and educational facilities for public use. IWMF Phase 1 would adopt similar principles by providing on-site community facilities for public enjoyment. Nevertheless, the Environment Bureau ("ENB") would

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relay local residents' requests for water supply services to the Water Supplies Department for follow up. Citing as an example the Sludge Treatment Facility in Tuen Mun which incorporated recreational facilities such as indoor spa pools, SEN said that the design of waste treatment facilities would blend with the environment and other local community amenities. He further advised that as stated in the 2014 Policy Address, \$1 billion had been earmarked for launching the Restored Landfill Revitalization Funding Scheme to expedite the development and make better use of restored landfill sites. Non-profit-making organizations and sports associations could apply for funding to develop recreational, environmental or other community facilities on such sites.

8.11 Noting that the scale of extension of the West New Territories ("WENT") Landfill was substantially larger than that of the other two strategic landfills, Mr Michael TIEN enquired whether the Administration would consider developing the extension portion of the WENT Landfill in phases. SEN responded that the extension of the three landfills involved complicated engineering, funding and environmental issues, the Administration considered it not desirable to invite tenders in phases, so as to maintain the integrity of the project. Nevertheless, the Administration would consider scaling down the extension of the WENT Landfill.

Food waste management

8.12 Noting that OWTF Phase 1 would adopt the biological treatment technologies of anaerobic digestion and composting to turn food waste into biogases and compost products, Ir Dr LO Wai-kwok asked if the Administration would consider converting collected food waste into fish feed or animal feed for export to the Mainland, given that there was limited demand for such products in Hong Kong.

8.13 SEN advised that ENB had published "A Food Waste and Yard Waste Plan for Hong Kong 2014-2022" ("the Food Waste and Yard Waste Plan") to articulate specific strategies for tackling organic waste and had identified four strategies to meet the target of reducing food waste disposal to landfills by 40% in 2022. The Administration welcomed collaboration with the private sector to explore alternative ways to increase the use of food waste and had identified a site in the EcoPark for a private food waste recycling company which produced fish feed.

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8.14 Mr KWOK Wai-keung enquired about the effectiveness of the Food Wise Hong Kong Campaign in reducing domestic, commercial and industrial food waste. SEN responded that a host of publicity activities and educational programmes were being rolled out and the image of "Big Waster", a character symbolizing food wastage, was gradually taking root in people's mind and changing their wasteful habits. Some local businesses and organizations adopting good practices to reduce food waste had achieved their reduction targets. While the statistics on the overall food waste reduction in the community in 2013 had not yet been compiled, it was expected that the amount of food waste landfilled would be reduced progressively.

8.15 As requested by Mr WU Chi-wai, the Administration undertook to provide information on whether it would introduce measures to encourage operators of biodiesel factories to participate in the recovery of food waste, which would increase the viability of the food waste recovery market.

Phasing out of pre-Euro IV diesel commercial vehicles ("DCVs")

8.16 Noting that the Administration had received a total of 426 applications for the ex-gratia payment for phasing out pre-Euro IV DCVs, during the first week of the application period, Mr TANG Ka-piu urged the Administration to ensure that the vehicle scrapping trade would not profiteer from the phasing-out programme due to a sudden surge in demand for vehicle scrapping service. He further enquired whether the Administration would phase out Euro IV and V DCVs, the total number of which was over 530 000 as at end 2013.

8.17 DDEP(3) advised that all vehicle-scrapping companies were eligible to apply to the Environmental Protection Department ("EPD") for registration under the phasing-out programme if they could provide their business registration numbers and had scrapping yards. As over 300 vehicle scrapping companies had registered, by the end of March 2014, there should be competitive services to vehicle owners. As for Euro IV and V DCVs, the Administration had no plan to mandatorily phase out such vehicles at this stage.

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Use of plastic bags

8.18 Pointing out that the Agriculture, Fisheries and Conservation Department ("AFCD") used about 230 000 plastic refuse bags in managing country parks in 2013-2014 and 2014-2015, Mr CHAN Chi-chuen expressed concern about the use of plastic bags by Government bureaux/departments ("B/Ds") and whether the Administration had issued any internal guidelines to remind its staff to use less plastic bags. Director of Agriculture, Fisheries and Conservation ("DAFC") responded that while the number of plastic refuse bags used in 2013-2014 and to be used in 2014-2015 by AFCD in managing country parks was the same, the slight increase of \$10,000 in the estimated expenditure on plastic refuse bags for 2014-2015 was mainly due to inflation. As it had always been the Government's policy to reduce waste, AFCD staff had been encouraged to minimize the use of plastic bags and replace the bags only when they were fully filled. However, plastic refuse bags were required on certain occasions, such as the weeding of *Mikania micrantha* and collection of food waste. PSEN/DEP supplemented that B/Ds were regularly reminded of the need to use less plastic bags and other environmental issues through internal guidelines.

8.19 Dr Kenneth CHAN noted that while the number of plastic shopping bags ("PSBs") distributed to customers by retailers or retail outlets registered under the Environmental Levy Scheme on PSBs ("the Levy Scheme") had been increasing in recent years, there was a decline in the number of inspections conducted by EPD. He was concerned whether the public had become insensitive to the environmental levy of \$0.5 on each PSB over time. Since the Levy Scheme would be extended to cover the entire retail industry, Dr CHAN queried whether the Administration had allocated adequate manpower and resources to support the extension of the Levy Scheme. He also urged the Administration to look into the reasons for the increase in the distribution of PSBs and encourage retailers not to distribute PSBs to the public as far as possible.

8.20 PSEN/DEP responded that EPD would review the implementation of the Levy Scheme from time to time and the increase in the number of PSBs distributed to customers by registered retailers or retail outlets could be due to various factors in the operating environment. Since the Legislative Council had passed the Product Eco-responsibility (Amendment)

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Bill 2013 and the full extension of the Levy Scheme would be implemented on 1 April 2015, the Administration would continue to step up publicity and public education to encourage behavioural change towards "Bring Your Own Bag" ("BYOB"). The Administration would conduct inspections and surprise checks in addition to acting on complaints, so as to deter non-compliance.

Liquefied petroleum gas ("LPG") filling stations

8.21 Mr Frankie YICK noted that according to the operational records provided by operators of dedicated LPG filling stations, a daily average of about 1 030 to 4 120 vehicles per station were refilled in 2013. Since the pump prices of dedicated LPG filling stations were lower than those of non-dedicated LPG filling stations, resulting in long queues for refilling at dedicated LPG filling stations in particular during shift-changing periods, Mr YICK enquired whether the Administration would consider setting up more dedicated LPG filling stations to meet the demand of LPG taxis, thereby shortening their waiting time for refilling services.

8.22 Deputy Director of Environmental Protection (3) ("DDEP(3)") advised that currently, the LPG filling network had a total of 63 LPG filling stations, including 12 dedicated stations. When the Government launched the LPG Taxi Scheme in 1999 and set up dedicated LPG filling stations, it provided sites for these stations at nil land premium to facilitate the formation of a LPG filling network as soon as possible so that the taxi trade could replace their diesel taxis with LPG models earlier. As such, the pump prices at dedicated LPG filling stations were lower than those at non-dedicated LPG filling stations. Taking into consideration that the existing filling network was generally sufficient to meet the filling demand of all LPG taxis and LPG light buses, the Administration did not have any plan to set up additional dedicated LPG filling stations. Nevertheless, the Administration had introduced requirements to increase the proportion of LPG nozzles in petrol-cum-LPG filling stations to not less than 25% of the total number of filling facilities at the stations where the site conditions and safety requirements permitted upon the grant of new leases of such stations. This could enhance the overall provision of LPG filling facilities and extend the coverage of the filling network.

Control of external lighting

8.23 Mr WONG Kwok-hing expressed concern that the number of complaints about external lighting had been on the rise over the past five years, and asked whether the Administration would introduce legislative control on external lighting. He commented that the Administration should allocate adequate resources to handle light nuisance complaints in the interim before legislation was enacted.

8.24 SEN responded that the problem of light nuisance had arisen due to the high density of buildings and co-existence of commercial and residential buildings in Hong Kong. To address the concerns about light nuisance and energy wastage problems caused by external lighting installations, the Task Force on External Lighting ("the Task Force") had conducted a public engagement exercise to collate public views on the way forward to tackle the problem of excessive external lighting. While some members of the community tended to support the regulation of external lighting through legislation, the business sector had reservation on the proposal. The Task Force was considering and analyzing the views received and would submit its recommendations to the Administration for consideration. The Administration would report to the EA Panel on the recommended way forward as early as possible.

Pilot Green Transport Fund

8.25 Mr Frankie YICK enquired about the progress of the Pilot Green Transport Fund ("the Fund"). DDEP(3) replied that the Fund was set up in March 2011 to encourage the public transport sector and non-profit-making organizations providing services to their clients to test out green and innovative technologies. As at end of February 2014, the Fund had approved 73 projects and the total subsidy involved was about \$93 million. The Administration had submitted a progress report of the Fund to the EA Panel at its meeting in March 2014 for members' information.

Application of innovative energy efficiency technologies

8.26 Ir Dr LO Wai-kwok was pleased to note that in 2013-2014, the Administration had completed different research studies on the application of innovative energy efficiency technologies, including light emitting

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capacitor exit sign, low loss electromagnetic ballast and variable speed room air conditioner, while in 2014-2015, three more application studies on high efficiency chillers, energy-efficient system for lifts and high energy efficiency lighting technology would be conducted. He enquired whether such research studies had enhanced the application of innovative energy efficiency technologies by industries and whether B/Ds would take the lead in using new energy efficiency technologies.

8.27 Director of Electrical and Mechanical Services responded that the Administration was not only taking the lead in using innovative energy efficiency technologies, it had also been proactively promoting the application of new technologies to different industries, such as the construction industry and the electrical and mechanical industry.

Nature conservation

8.28 Mr WU Chi-wai enquired whether the Administration planned to designate the area around Southwest Lantau and Soko Islands as marine parks so as to enhance the protection of Chinese white dolphins. DAFC responded that the Administration had consulted the relevant fishermen organizations, Tai O Rural Committee and South Lantau Rural Committee on the two proposed marine parks. They raised objections on the ground that the proposed marine parks would affect adversely the livelihood of fishermen. AFCD would pursue the proposal later, having regard to the outcome of the ban on trawling in Hong Kong waters that had been implemented at the end of 2012 to protect fisheries resources and the marine environment generally. The ban had already aggrieved many fishermen and any further attempt to limit their operation would be strongly opposed. To tie in with the development of the Hong Kong-Zhuhai-Macao Bridge, the Administration had commenced discussions with the stakeholders on the designation of the Brothers Islands as a marine park a mitigation measure for the loss of the Chinese white dolphin. DAFC added that another two new marine parks in the vicinity of the IWMF Phase 1 Project and the proposed third runway of the Hong Kong International Airport, respectively, would likely be designated in the coming years which would enhance the level of marine conservation in the waters surrounding Lantau Island. The Administration would take into account the potential impacts on the fisheries industry when designating new marine parks.

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8.29 Pointing out that the number of illegal felling cases of Agarwood (i.e. Incense Tree) had been increasing while the number of prosecution cases had been dropping over the past five years, Mr Kenneth LEUNG enquired about the expenditure and manpower involved in taking enforcement actions against illegal felling of Incense Trees. DAFC replied that AFCD had been working closely with the Police in combating the illegal felling of Incense Trees. However, it was difficult for the Police to take immediate enforcement actions against any illegal felling of Incense Trees as they were mostly found in the forests of remote areas to which access was very difficult if not impossible. Prosecution would be taken, however, if there was sufficient evidence. DAFC further advised that under the Forests and Countryside Ordinance (Cap. 96), any person who unlawfully felled or destroyed any trees or growing plants on Government land was liable on conviction to a fine of \$25,000 and imprisonment for one year. Currently, offenders involved in illegal felling of Incense Tree were mainly prosecuted for criminal offences on theft, criminal damage, possession of offensive weapon, going equipped for stealing, etc. Depending on the circumstances of individual cases, the Police might initiate prosecution under the Theft Ordinance (Cap. 210), which provided for a heavier penalty, in an attempt to achieve a stronger deterrent effect. When AFCD staff detected any irregularities during their regular patrols, they would inform the Police immediately. The sharing of intelligence information between the two departments should help in enhancing the effectiveness of enforcement action against the illegal felling of Incense Trees.

8.30 Noting that the three enclaves in Kam Shan, Sai Wan and Yuen Tun had been incorporated into the Kam Shan Country Park, Sai Kung East Country Park and Tai Lam Country Park respectively, Dr Kenneth CHAN expressed concern about the future development of Sai Wan Village. SEN advised that a working group had been set up under the Country and Marine Parks Board to take forward the planning of Sai Wan with a view to improving the living environment of villagers and promoting better development of the land. It was expected that Sai Wan could set a model for other enclaves. DAFC supplemented that active district participation was important to the development and management of Sai Wan. The Administration would closely liaise with the Sai Kung District Council, the Sai Kung Rural Committee and the villagers when formulating the management plan for Sai Wan. As Sai Wan had been designated as

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country park area, villagers could make use of the funding of the Environment and Conservation Fund to explore the most suitable way for more effective management of the land. It was expected that there would be progress in the development of Sai Wan by the end of 2014.

Sewage services

8.31 Dr Helena WONG expressed concern about the large volume of sewage treated in Kowloon in 2013 which was almost double the respective volume of sewage treated in Hong Kong and Outlying Islands and the New Territories. She asked if the volume of sewage of Kowloon included the volume of sewage collected from other districts for treatment at the Stonecutters Island Sewage Treatment Works ("SCISTW") provided sewage treatment services to other districts. Director of Drainage Services ("DDS") clarified that the volume of sewage treated in Kowloon was the volume of sewage collected in the region and did not include the volume of sewage collected from other districts for treatment at SCISTW.

8.32 Dr Helena WONG enquired when the sewerage upgrading works in West Kowloon were expected to be completed. DDS responded that the Drainage Services Department was inviting tenders for conducting the investigation and design work which would commence in the later half of 2014 at the earliest. The sewerage upgrading works, which would commence after the design and necessary preparation work had been completed, were expected to take three to four years to complete.

Power sector

8.33 Mr TANG Ka-piu asked about the manpower arrangements for conducting the review of the regulatory framework for the post-2018 electricity market and the public consultation on the future fuel mix for electricity generation. Deputy Secretary for the Environment advised that apart from creating three new posts in 2014-2015, one additional post had been created in 2013-2014 to assist in undertaking the review. Besides, the existing teams of financial and engineering professionals working on the energy portfolio in ENB will also be involved in conducting the review.

Chapter IX : Works

9.1 At the Chairman's invitation, Mr Paul CHAN Mo-po, Secretary for Development ("SDEV"), briefed members on the major initiatives and expenditure on the policy areas of works for the coming year (Appendix IV-8).

Studies on enhancing land supply

Reclamation outside Victoria Harbour and development of artificial islands

9.2 Referring to the proposed near-shore reclamation sites in the western waters, namely, Lung Kwu Tan, Sunny Bay and Siu Ho Wan, and the proposed development of artificial islands in the central waters, Mr SIN Chung-kai enquired about the size of the reclaimed land to be created and the estimated cost for the works. Permanent Secretary for Development (Works) ("PS(W)") said that the details had yet to be determined taking into account the findings of the feasibility studies to be conducted. Based on the public views received during the Stage 1 Public Engagement ("PE"), which focused on the reclamation site selection criteria, the Administration had identified five near-shore reclamation sites and proposed that artificial islands be constructed in the central waters. It would further consult the public in the Stage 2 PE. The Administration planned to seek funding approval from the Finance Committee ("FC") for carrying out strategic studies for the development of artificial islands as well as planning and feasibility studies for reclamation at Sunny Bay in the current legislative session.

9.3 Mr SIN Chung-kai asked how the Administration would address the objection expressed in the Stage 2 PE. PS(W) said that some the objecting views received were of a technical nature while others involved subjective perception, such as the visual impact of new land development by the sea. The Administration would first examine the technical issues raised during PEs and revise the proposals as appropriate, and then consult the stakeholders on the revised proposals.

9.4 Given the acute housing shortage problem, Mr LEUNG Che-cheung said that he supported the Administration's efforts in increasing land supply by developing artificial islands. Mr LEUNG commented that the major stakeholders were the fishermen, green groups and the marine transport industries, while other sectors of the community might not actively give views on the issue. He asked how the Administration could ensure

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that it could obtain views from a sufficiently wide spectrum of the public. PS(W) advised that based on the preliminary studies the central waters should be suitable for developing artificial islands. The coming strategic studies for the artificial islands would address the technical issues and public concerns. Some of the issues to be examined in the strategic studies were the transport links between the artificial islands and the rest of the territory, the impact on port operation and marine transport, as well as the impact on the residents of the outlying islands in the vicinity. The Administration would actively solicit the views of these residents and other stakeholders in the PE activities. SDEV took note of Mr LEUNG's suggestion on the need for consulting a wider spectrum of the community on the proposal.

Development of underground spaces

9.5 Mr IP Kwok-him expressed support for exploring the development of underground spaces and sought details on the strategic study on the subject to be conducted in 2014-2015. In reply, Director of Civil Engineering and Development ("DCED") said that the Civil Engineering and Development Department ("CEDD") had commissioned a preliminary study in late 2013 to investigate the feasibility of developing the underground spaces in the whole territory with a view to providing more space for commercial and other uses, as well as enhancing the connectivity of underground spaces. Subject to FC's funding approval, the Administration would also conduct a strategic pilot study in the latter half of 2014 on underground space development for four strategic districts, namely Causeway Bay, Happy Valley, Admiralty/Wan Chai North and Tsim Sha Tsui West.

Manpower in the construction industry

9.6 Mr WONG Kwok-hing relayed the objections of the Hong Kong Federation of Trade Unions to any relaxation on importation of labour under the Supplementary Labour Scheme ("SLS") for the implementation of public works projects. He was concerned that importation of construction workers would adversely affect the interests of local workers.

9.7 SDEV assured members that any plan to make full use of SLS would not affect the employment and reasonable income levels of local construction workers. However, it was necessary to address the expected

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increase in the works volume in both the public and private sectors in the coming years. In light of the manpower shortfall, the Administration had provided financial resources to the Construction Industry Council ("CIC") to enhance its training of construction workers since 2010-2011 and to attract young people to join the industry. However, as it would take time for the new recruits to become skilled workers, the shortage of skilled construction workers would continue in the next few years. It was therefore necessary to make full use of SLS to import skilled workers in a timely manner.

9.8 Noting that the annual construction output for capital works projects had increased from the range of \$30 billion to \$40 billion a few years ago to \$70 billion in 2013-2014, Mr TAM Yiu-chung expressed concern about the implication of the high output on project costs as well as the pressure on importation of labour. He emphasized that trade unions were opposed to importation of construction workers. On attracting local young people to join the construction industry, he pointed out that the construction output might peak and the demand for construction workers might fall a few years later, leaving many construction workers unemployed. He asked how the Administration would deal with such a situation.

9.9 PS(W) said that it was necessary for the Administration to continue the investment in worthwhile infrastructure projects in a timely manner to meet social needs and maintain Hong Kong's competitiveness. On the projection of demand for construction workers, CIC had provided forecasts of the overall construction expenditure over a 10-year horizon and the level was expected to be in the range of \$160 billion to \$190 billion a year. Given this high level of construction expenditure, it was necessary to increase the supply of skilled workers. The full use of SLS would be able to tackle the shortfall. A task force under CIC, comprising representatives from the construction sector, trade unions, employers and relevant government departments, had identified 26 trades with manpower shortage. The Labour Advisory Board ("LAB") would make reference to the list in processing SLS applications.

9.10 Mr TANG Ka-piu sought the Administration's confirmation that the plan to expedite the processing of applications for importation of skilled construction workers under SLS would not circumvent LAB and would not undermine local workers' interests and employment opportunities. He asked if the Administration would consider extending the duration of the local recruitment exercise period as required under SLS from four weeks to

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eight weeks.

9.11 SDEV reassured members that the Administration would not circumvent LAB in the processing of applications under SLS. With the implementation of a new measure, the processing time for applications for importation of skilled workers of the 26 trades would be shortened from some one and a half years to about six months. He reiterated that the construction volume output for the next 10 years would be maintained at a high level. As it took time to train up local workers, the full use of SLS would not only help meet the manpower demand of construction works but would also relieve the pressure on local skilled workers and allow room for local semi-skilled workers to upgrade their skills through on-the-job training. The Administration would adjust the training programmes as necessary to safeguard the employment of local workers in the medium-term. He noted Mr TANG's suggestion and added that the four-week recruitment period was part of an established mechanism and the outcome of consultation with the relevant stakeholders.

9.12 Mr James TO queried that the retention rate for new entrants to the construction industry released by CIC was in the range of 70% to 80%, whereas it was only 10% to 20% as advised by some contractors. In response, PS(W) said that the Construction Industry Training Board under CIC tracked the employment of the new recruits after they had finished the training courses. It was found that 60% of these recruits stayed in the construction industry one year after they had completed the courses.

9.13 Mr James TO commented that for protecting privacy, it was inappropriate for CIC or the Administration to hold and keep track of the attendance records of construction workers, which should only be provided to CIC or the Administration on a need basis. He suggested that identifiers other than the identity card numbers of the construction workers should be used in their attendance records.

9.14 PS(W) explained that according to the Construction Workers Registration Ordinance (Cap. 583), the relevant contractors had to provide the daily attendance records of the workers to CIC for planning purposes. The information would be very useful to help reduce wage disputes. He clarified that the system only recorded the registration numbers of the workers and the time they entered and left the construction sites.

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Water supply and tariffs

Use of seawater for flushing, water conservation and water tariff adjustment

9.15 On the proposed review of water tariffs, Mr WONG Kwok-hing expressed concern about the impact of any increase on people's livelihood. He commented that the Administration should first work on water conservation and expand the seawater flushing system to cover all Hong Kong households to save fresh water before considering tariff increase.

9.16 Director of Water Supplies ("DWS") replied that in 2012, around 23% of the annual water consumption was seawater and the relevant cost was around \$278 million. The seawater flushing system now already covered 80% of the Hong Kong households and the figure would increase to 85% with the expansion of the seawater supply networks to Pok Fu Lam in 2013-2014, and to Yuen Long and Tin Shui Wai in 2015. The Administration planned to expand the system to Tung Chung in the next few years. Separately, the Administration was exploring the use of reclaimed water for flushing and aimed to provide seawater or reclaimed water for flushing for around 90% of the households in Hong Kong. Further expansion of the seawater supply system to remote areas would require more studies.

9.17 As for promotion of water conservation, DWS said that it should be stepped up. Against this, the "Let's save water 10L" campaign, targeted at the domestic users, was launched on 22 March 2014. For the non-domestic users, the Administration would carry out water efficiency audits starting from the hotel industry on the ways to save water. Water conservation guidelines would be provided to industry operators. In the public front, WSD had been working with government departments to implement water saving measures.

9.18 SDEV assured members that the Administration would brief the relevant Panel on any proposal to revise the water tariffs. Water tariffs had not been revised for 19 years and around 14% of the domestic households did not have to pay any tariffs. Since 2008, the Administration had been implementing a Total Water Management strategy to strengthen water conservation and explore new water sources. The existing tariffs of water were low as compared to the water production cost and it was the Administration's plan that the cost should be recovered gradually.

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Desalination and Dongjiang water

9.19 Mr Gary FAN questioned whether the proposed seawater desalination plant at Tseung Kwan O was cost-effective and sought information on the unit cost of potable water from such source. He asked about the progress of the project and suggested that the Administration should compress the development programme by making reference to overseas experience. He also enquired when the Administration would negotiate with the Guangdong authorities for a new contract on the supply of Dongjiang water.

9.20 DWS said that the planning and investigation study for the seawater desalination plant would be completed in early 2015. Stage 1 of the desalination plant was aimed to be commissioned in 2020. As of 2012-2013, the cost of desalinated water was estimated to be \$12 per cubic metre while that of the water from Dongjiang was at \$8.6 per cubic metre in 2013. The Administration would review under the planning and investigation study the cost-effectiveness of using desalination in Hong Kong and if new technology could be adopted to reduce the desalination cost. Reference had been made to the desalination plants in Israel, the United States and Australia which used the reverse osmosis process. As the output capacity of Stage 1 of the proposed plant would account for about 5% of the total fresh water consumption in Hong Kong, Dongjiang water was still required to meet the needs of Hong Kong. As the current contract on the supply of Dongjiang water would expire at end-2014, the Administration was currently in negotiation with the Guangdong authorities on a new contract.

9.21 Mr SIN Chung-kai said that the cumulative increase in the price of Dongjiang water from 2009 to 2012 was 26%, which was higher than the inflation rate in Hong Kong over the same period. He asked if the Administration could negotiate with the Guangdong authorities to cap the price increase with reference to the local inflation rate.

9.22 SDEV said there was an established mechanism between Hong Kong and Guangdong for setting the price of Dongjiang water. DWS added that the Dongjiang Water Supply Agreement signed between the Hong Kong Special Administrative Region Government and the Guangdong authorities provided that the price adjustment should be based on operation

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costs, having regard to the relevant price indices of both sides as well as the exchange rate between Renminbi and Hong Kong Dollar. He clarified that the annual increase in the price of Dongjiang water was around 5 % to 6%, which, according to the advice of economists, was reasonable and acceptable.

Water conservation measures

9.23 Dr Kenneth CHAN said that the public's response to the "Let's Save 10L Water" campaign was overwhelming and that the public had complained about not being able to get connected to the campaign faxline and hotline. Dr CHAN asked if the Administration would consider increasing the number of households to receive the complimentary flow controllers under the campaign which the Administration had set at 30 000.

9.24 DWS said that WSD had received requests for the flow controllers from 60 000 households most of which were made by email. WSD would deploy the necessary manpower resources to handle the enquiries and requests, and review the faxline and hotline arrangements. Depending on public response, WSD would consider increasing the number of flow controllers to be provided to households.

Replacement/rehabilitation of aged water mains

9.25 Noting that 2 345 kilometres of aged water mains in Hong Kong had been replaced/rehabilitated by WSD, Mr IP Kwok-him queried why many aged water mains, such as those in the Central and Western District, had not been included. The recent water mains burst incidents in the district had caused great inconvenience to the residents and road users. He called on the Administration to expedite the water mains replacement/rehabilitation programme. He also enquired about the details of the water mains pressure management scheme and the resources involved.

9.26 DWS advised that the works for around 80% of the aged water mains to be replaced/rehabilitated under the water mains Replacement and Rehabilitation programme had been completed whilst the remaining works, including the aged water mains in the Central and Western District would be completed by the end of next year. As for the pressure management scheme, WSD planned to install pressure reducing valves at 900 locations in

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order to help regulate the pressure of the water supply network with a view to reducing the number of water mains burst and leakage incidents. The installation at 135 locations had been completed. The remaining would be completed in the next few years.

Other issues

9.27 Mr Jeffrey LAM enquired whether the Administration would allocate more resources for the promotion of a balanced ecology in reservoirs and parks. DWS responded that WSD had kept fish in impounding reservoirs to control the growth of algae which might affect water quality. He undertook to consider ways to enhance public education on the work of the department in this respect.

9.28 Responding to Mr TANG Ka-piu's enquiry on the supply of fresh water to remote villages, DWS said that there were some 20 villages which were not supplied with treated water. In 2014-2015, works would commence to provide five villages in the Southern District and Tai Po with treated water. For the remaining villages, WSD had been collaborating with and, as and when required, providing technical assistance to the Home Affairs Department ("HAD") and the Food and Environmental Hygiene Department for the installation of water tanks in some remote villages and the provision of treated water, if necessary. He said that when considering laying new mains to remote villages, cost-effectiveness had to be duly taken into account. For instance, the per capita cost of laying five kilometres of submarine water pipelines to supply treated water to Poi To Island currently with around 20 residents would be high. WSD would however continue to review the supply of fresh water to remote villages with parties concerned.

Energizing Kowloon East

9.29 Mr CHAN Kam-lam sought the Administration's explanation for the slow progress of the sale of government land in the Kai Tak Development. He asked if the Energizing Kowloon East Office ("EKEO") could expedite the development of government land in Kai Tak so that more land could be put up for sale in the market to address the land shortage problem. Pointing out that in 2013-2014, EKEO had organized more than 75 activities including forums, workshops, conferences, exhibitions, briefings and visits with a total of only about 2 900 participants, he queried the cost-effectiveness of these activities.

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9.30 SDEV advised that the transformation of the old districts in Kowloon East, such as Kwun Tong, mainly relied on redevelopment and there were only limited government land available for sale in these districts. The Administration planned to relocate the government facilities in these districts in the next few years to release the sites for development. However, the process would take time as the facilities had first to be re-provisioned. As regards government land in the Kai Tak Development, some lots would be put up for sale after the completion of major infrastructure projects, such as the Shatin-Central Link, in the area.

9.31 Head of EKEO said that apart from the 75 forums, workshops and exhibitions organized for engaging the public on the transformation of Kowloon East, EKEO had also staged or supported a total of 35 local and international community events in 2013-2014, covering a wide spectrum of activities, including concerts and dance performances, with a view to reaching out to different stakeholders. Mr CHAN Kam-lam commented that EKEO should review its approach to public engagement and focus its work on co-ordinating the development of Kai Tak and the old districts such as Kwun Tong, Kowloon City and Wong Tai Sin.

9.32 Referring to the concept of enhancing the "walkability" of Kowloon East, Mr Tony TSE asked how the Administration would implement the relevant measures, other than constructing a footbridge network. He considered that the design of the footbridges provided by the Administration had not taken into account the need of the pedestrians, the visual and environmental impacts. He stressed that it was necessary to blend the design of footbridges with the environment.

9.33 PS(W) responded that the Administration had commissioned a consultancy study on ways to enhance the "walkability" of Kowloon East, in addition to developing a footbridge network. A similar study would be conducted in mid-2014 for Kwun Tong. EKEO and the Transport Department had also reviewed and implemented measures to improve more than 40 road junctions in Kwun Tong and Kowloon Bay. EKEO was exploring the possibility of making use of the back alleys to improve the "walkability" of Kwun Tong. The relevant measures would be implemented after the completion of the studies.

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9.34 As the proposal for the construction of a monorail as the Environmentally Friendly Linkage System ("EFLS") for Kowloon East was currently in the Stage 2 PE process, Mr WU Chi-wai enquired whether the Administration would set out the pros and cons of each option under the proposal so that Members and the public could consider the merits of the options.

9.35 PS(W) said that the detailed study for EFLS would examine all possible options and their pros and cons. He stressed that a detailed assessment had concluded that the limited road space in Kowloon Bay and Kwun Tong had made it difficult, if not impossible, for EFLS to be provided at-grade. With the transformation of the two old districts and the anticipated increase in transport demand, it was envisaged that a new mode of transport would be required. However, the Administration would first consider all possible at-grade traffic improvement measures. However, if all these at-grade measures could no longer cope with the increased traffic demand, a new elevated or underground transport network would need to be considered. Since the MTR Kwun Tong line between Kowloon Bay and Kwun Tong was an elevated section, it would be cost-effective and convenient to develop an elevated EFLS system for better connection with MTR.

Liantang/Heung Yuen Wai boundary control point project

9.36 Mr TAM Yiu-chung asked about the progress of the Liantang/Heung Yuen Wai boundary control point project, which had a severe cost overrun. He asked how the Administration would handle the objection by the residents of Chuk Yuen Village to the resettlement arrangements.

9.37 PS(W) said that the Administration had considered if there were any alternatives to lower the cost of the Liantang/Heung Yuen Wai project, including the views of members of the Panel on Development expressed at a meeting in January 2014, but could find no other viable options. DCED added that the project included the construction of an 11-km connecting road and was a major infrastructure project benefitting both the whole community and also the North New Territories. The remoteness of the project site was one of the factors that had contributed to a higher project cost. At the Panel members' request, the Administration had reviewed the project cost estimate and possibilities of postponement. It was unlikely

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that the project cost could be significantly reduced accordingly. The Administration would submit a revised proposal to the Panel on Development for consideration. As regards the resite of Chuk Yuen Village, CEDD, HAD and the Lands Department had regular dialogues with the villagers. The villagers had concerns on the imminent deadline of end April for clearance and some had requested the Administration to increase the relevant compensation. As the site formation works at Chuk Yuen Village had already commenced, it was necessary to expedite the clearance work for the village. The Administration would strive to address the concerns of the villagers in a reasonable and practicable manner.

Heritage conservation

9.38 Mr IP Kwok-him expressed concern about the slow progress in the project to revitalize the Central Market undertaken by the Urban Renewal Authority. He queried the cost-effectiveness of the project. SDEV advised that the revitalization of the Central Market had been delayed in the past years due to the judicial review on the draft Central District Outline Zoning Plan.

9.39 Mr YIU Si-wing enquired about the reasons for the significant increase in the expenditure incurred in the repair and maintenance of declared monuments from \$12 million in 2012-2013 to \$17 million in 2013-2014. He asked why the number of visitors to the declared monuments had not increased with the number of declared monuments, and whether the Administration would take measures to boost the number of visitors. He suggested that the Administration should collaborate with the Hong Kong Tourism Board and the tourism industry to promote the Heritage Fiesta overseas.

9.40 Deputy Secretary for Development(Works)1 ("DS(W)1") advised that the actual expenditure for the maintenance and repair works for declared monuments varied each year, depending on the nature of the works. The declared monuments managed by the Antiquities and Monuments Office were open to the public but some of these monuments could only accommodate a limited number of visitors due to space constraints or could only be open on weekends or holidays. He said that the relevant department would consider how to enhance the promotion and publicity for declared monuments, particularly among young people and students. The Administration had been collaborating with the Hong Kong Tourism Board

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and the tourism industry to promote heritage tourism. It would continue to explore new opportunities for co-operation with the tourism industry.

9.41 Referring to the unsuccessful preservation of Ho Tung Gardens, Dr Kenneth CHAN said that the review on built heritage conservation policy, which was in progress, played an important role in working out the way forward for heritage conservation. He asked the Administration about the timetable for the completion of the review.

9.42 SDEV said that the Antiquities Advisory Board ("AAB") had been carrying out in-depth discussions on the review and planned to conduct public education activities and publicities in the next one or two months. After AAB submitted its report to the Development Bureau, a public consultation exercise would be carried out, probably in the middle of this year, to garner public views on the subject.

9.43 Mr LEUNG Che-cheung pointed out that the fortified structure which had once been resided by Dr SUN Yat-sen at Ha Pak Nai was exposed to erosion and might collapse. He urged the Administration to cater for the aspirations of the existing occupants of the structure to rehouse them on a piece of government land in the vicinity. This would facilitate the Administration to undertake renovation works to preserve the historic building.

9.44 SDEV said that the Administration sought to strike a balance between heritage conservation and respect for private property rights and would make its best efforts in conserving privately-owned historic buildings. Despite the challenges involved, there had been some successful cases. DS(W)1 said that the existing occupants at the fortified structure at Ha Pak Nai were not willing to allow the Administration to undertake maintenance works for the structure. The Administration would be prepared to consider requests to rehouse the occupants in accordance with the prevailing policy.

Mutual recognition of professional qualifications

9.45 Mr Tony TSE pointed out that only a small number of Hong Kong professionals who had obtained relevant Mainland qualifications through mutual recognition as well as those who were eligible to set up enterprises in Guangdong under the Guangdong pilot scheme could manage to register for practice in the areas concerned. He asked how the Administration

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would provide assistance to strengthen the mutual recognition of professional qualifications between Hong Kong and the Mainland.

9.46 SDEV said that the Guangdong pilot scheme was implemented under the Hong Kong-Mainland Closer Economic Partnership Arrangement ("CEPA") framework, under which some architect firms had already set up their business in Guangdong. Based on these successful cases, the Administration would assist interested professionals in starting their business in Guangdong. In addition, after reviewing the pilot scheme, the Administration planned to expand the scheme beyond Guangdong.

Greening works

9.47 Mr Martin LIAO noted that the number of shrubs planted by the Administration had decreased from 6.1 million in 2013 to 4.9 million in 2014. He enquired whether the Administration would carry out other large-scale greening works in 2014. DS(W)1 said that the number of new shrubs planted in 2014 had been reduced due to the completion of some large-scale planting works in 2013. New greening projects in 2014, such as the Greening Master Plans for southeast and northwest New Territories, would be carried out subject to funding approval.

Economic Development Commission

9.48 Noting that one time-limited Senior Executive Officer post would be created to provide the necessary executive and administrative support on matters relating to the work of Economic Development Commission's Working Group on Professional Services ("WGPS"), interfaces between WGPS and CEPA, as well as other market liberalization measures in the Mainland and overseas, Mr Martin LIAO sought details about the market liberalization measures concerned. SDEV said that, supported by the Hong Kong Trade Development Council and the relevant Economic and Trade Offices, the work of WGPS covered a wide range of professional areas such as construction, buildings, legal and accounting services. The Group aimed at providing assistance to professionals to enter the Mainland market as well as other markets. By way of illustration, the Administration would vigorously pursue the upcoming negotiation for a free trade agreement with the Association of Southeast Asian Nations.

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Procurement system for public works projects

9.49 Mr Tony TSE referred to the strategic review carried out by the Development Bureau in 2013 on the existing procurement system for public works projects. He enquired whether the Administration had taken action to enhance the competition in the tendering process. PS(W) replied that the Administration had incorporated safety performance as one of the factors to be considered under the technical assessment for new public works tenders, with a view to encouraging contractors to attach greater importance to work safety.

Maintenance of roads

9.50 Mr Tony TSE asked about the maintenance arrangements for widened roads or new roads and whether the maintenance works would be enhanced to strengthen road safety. DCED advised that under the existing arrangements, widened roads and new roads would be handed over to the Highways Department, which would undertake care and maintenance as appropriate.

Accessibility of housing estates located on hillsides

9.51 Citing Chak On Estate as an example, Dr Priscilla LEUNG pointed out that the elderly residents living in housing estates on hillsides had great difficulties travelling down and up. She asked if the Administration would construct lift towers for these housing estates. She asked the Administration to consider including Chak On Estate in the "Universal Accessibility Programme". SDEV undertook to convey Dr LEUNG's request to the Transport and Housing Bureau ("THB") for follow-up.

Improvement works in Mui Wo

9.52 Mr TANG Ka-piu expressed concern about the slow progress of the improvement works in Mui Wo, the funding of which had been approved in May 2013 but the works had not yet commenced. As regards developing Silver Mine Cave as a tourist attraction, he said that no government department was willing to take up the management of the cave.

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9.53 DCED said that tendering procedures for the improvement works were underway and that the Administration would strive to expedite the commencement of the works as far as practicable. As regards Silver Mine Cave, the Administration had studied the feasibility of converting it into a tourist attraction but found that it would not be suitable to open the cave to the public due to safety concerns. Instead, the Administration would be placing directional signages in the area as well as information displays outside the cave to introduce the history of the cave to visitors.

Land formation works

9.54 Referring to the Administration's written reply that there were no CEDD projects involving land formation, infrastructure construction or other works for the provision of land that would commence in the next 12 months starting from April 2014, Mr WU Chi-wai expressed concern about the supply of land. DCED said that although CEDD had no land formation works projects to commence in the next 12 months, it had no necessary relationship with the short term supply of land resources and therefore this did not mean that such supply would be affected.

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10.1 The Chairman invited members to refer to the speaking note of the Secretary for Development ("SDEV") for the session, which highlighted the major initiatives and expenditure on the policy areas of planning and lands for the coming year (Appendix IV-9) and was tabled at the meeting.

Mandatory Building Inspection and Window Inspection Schemes

10.2 Mr SIN Chung-kai pointed out that the Administration had launched several building inspection and maintenance schemes in recent years and it was found that some contractors had been involved in tender rigging in securing the contracts for building maintenance works. He asked if the Development Bureau ("DEVB") had implemented measures to prevent tender rigging activities.

10.3 Director of Buildings ("DB") said that advice and support on building repair and maintenance works from different channels were provided to property owners and owners' corporations ("OCs"). Under the Mandatory Building Inspection Scheme ("MBIS") and Mandatory Window Inspection Scheme ("MWIS"), the Buildings Department ("BD") had organized briefings for the concerned building owners on the requirements and scope of the two Schemes. Guidelines had been issued to the owners to assist them in selecting service providers. For projects under the Operation Building Bright, the Hong Kong Housing Society and the Urban Renewal Authority ("URA") had issued guidelines on the selection and management of contractors and anti-collusion practices. The Independent Commission Against Corruption had also published educational and publicity materials on these subjects. In April 2014, the Home Affairs Department ("HAD") had launched the "AP Easy" Building Maintenance Advisory Service Scheme and the Building Management Professional Advisory Service Scheme to provide OCs and owners of old buildings with further free professional advice and support services to enhance building management and maintenance works on all fronts, including tender invitation and assessment.

10.4 In reply to Mr SIN Chung-kai's enquiry about setting up a joint working group between the Development Bureau ("DEVB") and the Home Affairs Bureau ("HAB") to prevent tender rigging activities, SDEV said that building management fell under the purview of HAB. He assured members that DEVB would fully support HAB on its work against tender

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rigging.

10.5 Mr James TO said that at present tender rigging was not a criminal offence but high contract costs for building maintenance works posed heavy financial burdens on property owners. He suggested that DEVB should render technical assistance to the concerned owners by providing benchmark prices on building maintenance works. The owners could make use of the information in the tendering process.

10.6 Mr LEUNG Che-cheung noted from some media reports that some contractors had offered free window inspection under MWIS but when they completed the works, they charged the owners an exorbitant fee. In this connection, he asked if the Administration could address these malpractices by providing benchmark prices for the works. He also called on the Administration to investigate and prevent such malpractices.

10.7 SDEV said that the works departments would provide the necessary technical assistance to building owners. DB added that with the completion of some MBIS and MWIS cases, BD was consolidating information about the costs of these cases for public information. At the same time, BD would contact the relevant professional institutes and industry organizations to encourage more qualified persons to register as registered inspectors for MBIS and to undertake inspection and repair works under MWIS. He believed that with more service providers available in the market, the prices would go down.

10.8 Mr WU Chi-wai noted that, since the implementation of the MWIS in June 2012, BD had only received six reports on suspected irregularities involving registered contractors performing window inspection and repair works under the Scheme. However, he had received many complaints from the public about the unsatisfactory services of many contractors under MBIS and MWIS. He called on BD to publicize the channels for reporting suspected irregularities and enquired if BD would investigate into such cases.

10.9 DB said that BD attached great importance to ensuring that the service providers for MBIS and MWIS adhered to the relevant codes of practice. BD staff would conduct audit checks on works under MBIS upon their completion. Since the launch of the two Schemes in mid-2012, BD

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had received more than 20 000 enquiries. The number of cases involving suspected irregularities was relatively small. In response to Mr WU Chi-wai's enquiry, DB advised that BD had started investigations into the six cases pursuant to the Buildings Ordinance (Cap. 123).

10.10 Mr LEUNG Che-cheung pointed out that due to the large number of public enquiries and the substantial workload in the first year of the implementation of MBIS and MWIS, BD had reduced the annual number of target buildings under the two Schemes. However, in Mr LEUNG's view, the Administration could consider increasing the number of target buildings since the public had become familiar with the requirements of the two Schemes and property owners' responsibilities.

Measures to increase land and housing supply

Railway property development projects

10.11 Mr WONG Kwok-hing referred to the criticism of SDEV against the MTR Corporation Limited ("MTRCL") for not putting up any new properties along the railway for sale in the market in the past three years. He said that subsequent to SDEV's comments, MTRCL had announced that it would resume property sale soon. He urged the Administration to consider establishing a mechanism between it and MTRCL on the development and sale of properties along the railway.

10.12 SDEV explained that in developing properties above railway stations, MTRCL either acted as an agent of the Government or was granted the property development rights to finance the concerned railway projects. In the latter case, the company rather than the Administration had the discretion on the development and sale timetables. That said, the Administration would closely liaise with MTRCL on the timely delivery of the projects.

Conversion of industrial buildings and sites

10.13 Referring to the series of revitalization measures to facilitate the redevelopment and wholesale conversion of old industrial buildings and the Administration's further proposal to expedite the rezoning of industrial sites with a view to making available more floor areas for commercial use,

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Mr YIU Si-wing asked if the Planning Department ("PlanD") would implement new initiatives to expedite the rezoning process. Mr Martin LIAO asked about the manpower involved in the new round of reviews of industrial sites in the territory, the timetable for the completion of the reviews as well as the follow-up actions.

10.14 SDEV advised that the reviews were being conducted by PlanD to identify suitable industrial sites for rezoning for other purposes. He clarified that DEVB had no plan to implement any new measures for the conversion of industrial buildings, other than the time-limited revitalization measures already in place.

Approaches to land development

10.15 Dr Fernando CHEUNG said that members had raised concerns about the high-handed approach in the implementation of land development projects in that the land use planning was formulated without considering the impact on the existing residents, farmers and shop operators. The people affected had lived or worked in the concerned areas for generations and they had only been notified of the development plans at a late stage. Dr CHEUNG opined that it was unreasonable to clear the homes of these people to make way for land development. In the light of the conflicts between the Administration and the people affected arising from such an approach, he asked if the Administration would learn from experience and make a change. He stressed that, during the planning process, the Administration should consult the people affected thoroughly and allow them to retain their existing lifestyles and social networks.

10.16 Director of Planning ("D of P") assured members that, for large-scale development projects, the Administration would strive to inform the relevant stakeholders at an early stage about the proposals and would incorporate their views in the development plans as far as practicable. The consultation approach would be reviewed and improvements would be made, as appropriate. It was inevitable that some local residents would be affected by such projects due to the need to provide infrastructure and for the formation of development land. The Administration would liaise with them and ensure that they would have appropriate rehousing and compensation.

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Development of vacant land

10.17 Dr KWOK Ka-ki said that according to the former SDEV's reply to a LegCo question in 2012, there were more than 2 000 hectares of vacant land in Hong Kong, including more than 1 000 hectares of land zoned as "Village Type Development". He asked the Administration to develop the vacant land first, rather than developing new land, to address the imminent housing problem. He expressed objection to reclamation of waters outside Victoria Harbour as it required a long time and would damage the environment.

10.18 SDEV clarified that the 2 000 hectares of unallocated or unleased Government land mentioned above included small or irregular sites which were not suitable for development. More information about some 300 hectares of unallocated or unleased Government land and the maps concerned were available on the DEVB website. If any of such land was found to be potentially suitable for residential or other developments, the Administration would review and assess its development feasibility under the established mechanism. For the sites zoned "Village Type Development", they were usually located at remote areas in the New Territories where the existing infrastructure would not be able to cope with large-scale development.

10.19 Mr MA Fung-kwok sought explanation for the increase of 17% in estimate expenditure on provision of land and infrastructure in 2014-2015, when the area of land expected to be formed remained 22 hectares in 2014, same as that in 2013. Permanent Secretary for Development (Planning and Lands) ("PS(P&L)") explained that the area of land formed was related to the progress of land development projects. If the projects had reached a mature stage, the area of land formed would be less than that in the earlier stages.

Developing the New Territories North

10.20 Mr YIU Si-wing asked when the Preliminary Feasibility Study on Developing the New Territories North ("NTN") would be completed and whether some of the 5 300 hectares in NTN covered by the study could be developed for eco-tourism. D of P replied that the development of NTN was a strategic long-term measure to increase land supply. The Study for

NTN development, to be completed in 2015, would cover the protection and conservation of ecologically sensitive sites in the area as well as an overall assessment on the infrastructure requirements, taking into account the lack of infrastructure in NTN for large-scale development. A detailed planning and technical feasibility study would be carried out at the next stage.

The "Hong Kong Property for Hong Kong People" measure

10.21 Mr WONG Kwok-hing said that the public welcomed the "Hong Kong Property for Hong Kong People" ("HKPHKP") measure to give priority to the housing needs of Hong Kong Permanent Residents ("HKPRs"). Recently, in his reply to media enquiries, Chief Executive ("CE") announced that HKPHKP would not be pursued for the time being as the property market had stabilized. He queried why CE had not formally announced the policy change. While not objecting to putting the HKPHKP measure on hold as it was an intervention in free market operation and should be avoided, Mr Martin LIAO asked under what market conditions the Administration would consider applying the HKPHKP measure to new land sale sites.

10.22 SDEV said that the HKPHKP measure was introduced at a time when a large number of non-HKPRs purchased Hong Kong properties amidst a heated property market. The measure aimed at giving priority to HKPRs in making use of the scarce residential land resources in Hong Kong. As part of a pilot scheme, the Administration had applied the measure to two residential sites in the Kai Tak Development Area, which were sold by tender in June 2013. Under the land leases for the two sites, residential flats built on the sites could only be sold to HKPRs at the first sale and subsequent re-sale within a period of 30 years from the date of the land grant. Since the various demand-side management measures taken by the Administration to regulate the over-heated property market had effectively curbed the demand for residential flats of non-HKPR purchasers, the number of non-HKPR purchasers of Hong Kong properties had fallen sharply in recent months and the property market had stabilized. For the time being, there was no pressing need to apply the HKPHKP measure to other land sale sites or make it a long-term measure. The Administration would continue to monitor closely the property market. If there was a change in the property market conditions that called for the application of the HKPHKP measure, the Administration would apply it to new land sale

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sites by incorporating the relevant provisions in the land lease.

10.23 Miss CHAN Yuen-han disagreed with the Administration's decision of not applying the HKPHKP measure to other land sale sites for the time being. In her view, the decision had given a signal to the market that the Administration considered the current property prices had already reached the targeted level. She said that the grassroots level still considered that the property prices were beyond their affordability. With the HKPHKP measure being shelved, she queried whether the Administration's target of providing subsidized and private housing at the ratio of 60:40 as espoused in the Long Term Housing Strategy could be achieved.

10.24 Mr James TIEN said that property developers supported the HKPHKP measure which gave priority to the housing needs of HKPRs but were opposed to the demand-side management measures, which had caused a significant drop in the supply of second-hand properties in the market. If the policy intent was to assist the young people in buying homes, the Administration should apply the HKPHKP measure to more sites. Given that home buyers' response to the properties at the two sites at the Kai Tak Development Area was yet to be seen, Mr TIEN did not support that the Administration should put the HKPHKP measure on hold. He queried whether the Administration had made it known to the public that the HKPHKP measure was applied to the two Kai Tak sites as a pilot scheme. Given that the property market had stabilized, he asked when the Administration would withdraw the demand-side management measures.

10.25 SDEV clarified that the Administration had repeatedly informed the public that the two Kai Tak sites were launched under a pilot scheme for the HKPHKP measure. He stressed that the Administration had not said that the HKPHKP measure had been shelved or that the property prices had reached the targeted level. With the implementation of the demand-side management measures, the number of non-HKPR purchasers of local properties had fallen sharply to 2% in 2013. Under the stabilized market environment, the Administration saw no urgency to apply HKPHKP to other land sale sites. Since November 2013, property developers had put more flats on sale in the first-hand property market. The same trend was expected to continue in the first half of 2014. At this stage, the Administration had no plan to adjust the demand-side management

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measures. He reaffirmed the Administration's target of supplying 470 000 residential units in the coming ten years, with public housing accounting for 60%, remained unchanged.

10.26 Mr Albert CHAN condemned the Administration for suspending the HKPHKP measure without consulting the public. He said that the decision was made in a "blackbox" operation. SDEV requested to put on record that Mr CHAN's criticisms were groundless and not consistent with the facts.

10.27 Dr KWOK Ka-ki expressed disappointment that the Administration would no longer apply the HKPHKP measure to new land sale sites. He said that the middle class still had great difficulties in buying homes as the housing supply had not increased. Ms Emily LAU said that the public and LegCo Members were concerned that the HKPHKP measure seemed to have failed and ended prematurely. She was dissatisfied that CE only talked about the HKPHKP measure passively in response to media reports, instead of raising the issue for discussion with LegCo and the public. She asked whether the enactment of new legislation was required for the implementation of the HKPHKP measure for the two Kai Tak sites.

10.28 SDEV said that he had indicated on several occasions that there was no urgency to apply the HKPHKP measure to other land sale sites. Since some media reports on the HKPHKP measure might have caused confusion among the public, CE had spoken to the media to clarify. SDEV added that, according to the advice of the Department of Justice, there was no need to enact new legislation or make legislative amendments to implement the HKPHKP measure under the pilot scheme.

10.29 Mr Frederick FUNG said that the HKPHKP measure was part of CE's election platform and the measure was welcomed by the people of Hong Kong as it could facilitate HKPRs to own homes. At present, property prices remained at a high level. He queried the Administration's rationale for putting the measure on hold without consulting the public. He asked how the Administration could ensure that priority would be given to the housing needs of HKPRs.

10.30 SDEV said that the policy objective of the HKPHKP measure was not about suppressing property prices. He reiterated that the measure was

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implemented when there was a high demand for Hong Kong properties from non-HKPRs and the property market was over-heated. Given that the demand of non-HKPRs for Hong Kong properties had subsided, there was no strong justification for applying the measure to new land sale sites.

Land sale by tender

10.31 Mr TANG Ka-piu expressed concern about the lack of transparency over the sale of land by tender. He asked whether the Administration had set a reserve price for each site in the tender process and whether the site would be granted to the highest bidder. He queried whether the Administration was practising a de facto "high land price policy".

10.32 SDEV stressed that the Administration did not have a "high land price policy". Tender and public auction were both fair and just ways for disposal of land and both processes ensured a high degree of competition among bidders. For each site selected for sale, professional staff of the Lands Department ("LandsD") would make a valuation. Shortly before a tendering exercise closed, LandsD would determine the reserve price for the sale site taking into account the latest market conditions. The site would be granted to the bidder offering the highest price, on the condition that the price was not lower than the reserve price. In the event that all bids were lower than the reserve price, the site would be withdrawn. SDEV said that recently some sites had been sold at the lower end of the market estimates and this showed that the Administration had no "high land price policy".

Town Planning Board

10.33 Referring to the attendance rates of members of the Town Planning Board ("TPB"), Dr Kenneth CHAN pointed out that the lowest rate was 26.9%, while the rate of the Director of Home Affairs ("DHA") was 48.1%. He asked what PS(P&L) had acted in his capacity as Chairman of TPB to encourage DHA or her alternate and other TPB members to improve their attendance rates for TPB meetings.

10.34 PS(P&L) said that before TPB members were appointed, they had been advised of the number of meetings to be held each month and that they should make their own arrangements to attend the meetings. As regards

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the attendance rate of DHA or her alternate, PS(P&L) said he had liaised with HAD on the matter and undertook to further follow up. On the TPB member with the lowest attendance rate, PS(P&L) advised that the member had already served for six years and had not been reappointed.

Unlawful structures above and occupation of government land

10.35 Mr Tony TSE asked whether the Administration would enhance its inspection and enforcement actions against the unlawful occupation of government land, especially in the New Territories. He considered that unlawful occupation of government land would impede the development of the concerned sites. Moreover, the resettlement of the occupiers might have financial implications.

10.36 Director of Lands ("D of L") said that it was one of the major responsibilities of LandsD to take enforcement actions against unlawful occupation of government land. While there were views that the enforcement should be strengthened, there were other views that some existing occupation should be regularized. She advised that while some 7 000 cases of unlawful occupation were reported to LandsD every year, the average number of regularization applications approved each year stood around 100. In considering applications for regularization, LandsD would take into account factors including the size of the concerned site, its accessibility and the market's interest in the site. The criteria for assessing the applications were followed strictly in a fair and impartial manner irrespective of the background of the occupiers.

Land for port back-up, container vehicle parking and open storage

10.37 Mr Frankie YICK declared that he was a director of the Modern Terminal Limited. With reference to the Administration's plan to accommodate some of the port back-up, container vehicle parking and open storage operations in multi-storey buildings, Mr YICK asked if the Administration could expedite the feasibility study on the provision of a multi-storey car park for container and goods vehicles in Kwai Tsing. As the land for these operations had been in short supply, the operational costs of the relevant industries would keep increasing and the development and competitiveness of the logistics industry would be affected. As regards the issue of cost-effectiveness, he commented that apart from the cost of

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constructing multi-storey buildings, the Administration should also consider the benefits to the community to be brought by the release of land resources as a result of the relocation of these operations.

10.38 PS(P&L) said that one of the responsibilities of DEVB was to provide land resources for other bureaux to meet their policy objectives. The study referred to by Mr YICK would be undertaken by the Transport and Housing Bureau ("THB"), starting in the second quarter of 2014 for completion in 10 months. He believed that the study would cover all relevant factors, including the impact on the logistics industry, in assessing the cost-effectiveness of the provision of a multi-storey car park for container and goods vehicles. He undertook to convey Mr YICK's views to THB for consideration.

Cross-boundary travel survey

10.39 Referring to the Cross-boundary Travel Survey undertaken by PlanD, Mr Frankie YICK asked whether the Department had consulted the tourism industry and cross-boundary transport operators on the information they wished to obtain from the results of the Survey for their business planning. In reply, D of P said that the Survey, conducted on a regular and continuous basis, collected information on cross-boundary travel (such as trip purposes, origins, destinations and frequencies) and the socio-economic characteristics of the trip makers by interviewing cross-boundary passengers and drivers at the boundary control points. The results were made available to the public on PlanD's website.

Kwu Tung North and Fanling North New Development Areas

10.40 Mr CHAN Chi-chuen noted that the number of households eligible for the compensation and ex-gratia allowances to be granted under the Kwu Tung North ("KTN") and Fanling North ("FLN") New Development Areas ("NDAs") projects and the amount involved could only be ascertained upon verification of the status and eligibility of affected households as and when the land resumption for each phase was approved by the Administration. However, the freezing survey for the KTN and FLN NDAs had been conducted in January 2014. He said that some residents in the affected areas had expressed concern that the freezing survey was conducted too early, when the rezoning of the concerned areas was still under the statutory

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town planning process. Meanwhile, there were other views that the survey was done too late as a number of the original occupants had been evicted from the land which was acquired by property developers. He asked about the criteria for determining the time for conducting the freezing survey and requested the Administration to provide assistance to those residents who had missed the survey.

10.41 D of L advised that the time span between the commencement of the planning study for a site and the resumption and clearance of the site could range from 10 to 20 years. The freezing survey was generally conducted around the time when the proposed scope of the development plan was publicly announced. The purpose was to take a snapshot of the occupants at that time to allay their fears that they would not be considered for compensation by the time of resumption and clearance, to minimize the incentive for unscrupulous eviction of existing occupants and to prevent new occupants from abusing the compensation mechanism. The development plans for KTN and KLN NDAs had been announced in July 2013 and the amendments to the relevant outline zoning plans had been submitted to TPB in December 2013. As such, the Administration considered it appropriate to conduct the freezing survey in January 2014. As with all freezing surveys, the residents had not been notified of the survey in advance but notices with a hotline number had been posted in the concerned areas so that any residents who required assistance could contact LandsD. As follow-up work was on-going and the information gathered had yet to be verified, she said that no information on the number of households and the estimated expenditure involved could be provided at this stage.

Signboard control

10.42 Ir Dr LO Wai-kwok noted that since the implementation of the Validation Scheme for Unauthorized Signboards ("the Validation Scheme") in September 2013, BD had only received 14 submissions of certification under the Validation Scheme. In view that there were more than 120 000 unauthorized signboards in Hong Kong, he was disappointed with the response to the Validation Scheme and asked the Administration to strengthen its education and publicity work.

10.43 DB said that the Administration had adopted a multi-pronged

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approach to signboard control. The Validation Scheme was just part of the regulatory regime for signboard owners to retain their signboards for continued use after inspection and strengthening, if required, and certification, subject to size restrictions. BD would also organize large-scale operations targeting large unauthorized signboards and abandoned signboards. An Announcement of Public Interest to promote the Validation Scheme would be broadcast in April 2014. BD would select target districts and streets for the promotion of the Validation Scheme and invite shop owners to join it. The number of submissions of certification received so far was within the Administration's expectation. He believed that with more publicity on the Scheme, the number of submissions would increase gradually. The Administration envisaged that some 1 300 unauthorized signboards would be validated or removed in 2014.

Brownfield sites

10.44 Miss Alice MAK was dissatisfied that PlanD had no information on the amount of brownfield sites in Hong Kong. Despite PlanD's explanation that there was no clear definition on the term, she said the term was used by the Financial Secretary in his Budget Speech. She queried whether the Administration had any quantitative information on the scale of the operations of port backup, container vehicle parking and open storage. She held the view that such information was important to the planning of a logistics zone in the proposed Hung Shui Kiu NDA.

10.45 D of P clarified there was no definition of "brownfield sites" under the official land use classification. The term was only used loosely by the public to make reference to abandoned agricultural land used for various non-agricultural economic activities. Nevertheless, PlanD did have information on the land use for port backup, container vehicle parking, rural workshops, recycling yards, open storage, etc. These operations were mainly scattered over NWNT including Hung Shui Kiu and Yuen Long South. As part of the planning and development studies, survey on current land uses including the use of the "brownfield sites" in these areas had been conducted. Under the preliminary plans for the development of Hung Shui Kiu and Yuen Long South, some land in these two areas would be reserved for the reprovisioning of the existing port back-up and open storage facilities.

Kowloon East Development

10.46 Mr Paul TSE expressed concern about the connectivity of the Kai Tak Cruise Terminal. Noting that the proposed Environmental Friendly Linkage System ("EFLS"), which would provide transportation links among the Terminal, Kwun Tong and Kowloon Bay, would only be commissioned in 2020, he asked whether the Administration would implement any interim measures, such as the development of a temporary pedestrian board walk, to solve the connectivity problem.

10.47 D of P said that the construction of the road network for the Kai Tak Development Area was in progress and would be available for public use gradually. The present connectivity problem for the Kai Tak Cruise Terminal was only transitional. The Administration would further consult the public on EFLS soon. He assured members that when there were cruises berthing at the Terminal, interim measures would be taken to meet the transport needs of the passengers. He added that before implementing any temporary measures, such as constructing a pedestrian board walk, relevant studies had to be conducted and that would take time.

10.48 Mr Paul TSE said that the elderly people living in the uphill areas in Kwun Tong had great difficulties travelling to and from the town centre and the problem remained unresolved for many years. He commented that, to tie in with the future development at Anderson Road and the redevelopment of the United Christian Hospital, the connectivity of the uphill areas in Kwun Tong should be improved. D of P shared the concern and replied that lift towers and escalators would be installed to enhance the pedestrian linkage between the future residential areas at Anderson Road and the Kwun Tong town centre.

Increase in manpower in works departments

10.49 Mr Gary FAN noted that 193 of the 215 new posts created in BD in 2014-2015 would be deployed to the Mandatory Building Inspection Division and the Corporate Services Division of BD. He asked if the Administration had heeded and responded to the request of the frontline staff made in October 2013 that 500 new frontline staff were required to handle the additional workloads. He expressed concern that manpower shortage would affect the enforcement work of BD.

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10.50 DB advised that the 193 posts were created to handle building safety related work, including MBIS and MWIS, and the 215 permanent posts included the posts converted from non-civil service posts. Of the 215 posts, 124 posts were technical officer and survey officer posts. BD had listened to the views of frontline staff and addressed their concerns by adding new posts and simplifying work flows to enhance work efficiency.

10.51 In response to Mr MA Fung-kwok's enquiry about the increase in the number of posts in the Civil Engineering and Development Department ("CEDD") in 2014-2015, PS(P&L) replied that of the 229 new posts created in 2014-2015 in DEVB and relevant departments, 40 would be created in CEDD to support the studies and work in relation to increasing land supply.

Demand-led redevelopment projects of the Urban Renewal Authority

10.52 Dr Priscilla LEUNG noted URA's plan to review the "Demand-led Redevelopment Project Pilot Scheme". She said there were concerns among the residents in old districts that the Scheme would be shelved. These residents expressed a strong wish for the Scheme to be expanded and enhanced so as to improve their living environment. She suggested that, if necessary, the proceeds from other URA projects could be used to subsidize the "demand-led" projects. She held the view that URA should launch a new round of invitations for applications under the Scheme as soon as possible. Mr TANG Ka-piu said that the communities in the old districts welcomed the implementation of the Scheme. As the Administration had indicated that "demand-led" projects might not be financially viable, he asked if it would consider providing resources for URA to continue with the Scheme.

10.53 SDEV said that three rounds of invitations for applications had been launched under the Scheme and it was noted that most "demand-led" projects would require a substantial amount of subsidy. The Administration had previously provided a capital injection of \$10 billion to URA. URA was required to maintain a self-financing operation in the long run. It was noted from the three rounds of applications that the sites covered by the applications were becoming larger and larger and were already quite high in development intensity, hence there was not much development gain after redevelopment of the sites. URA would conduct a

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review on the Scheme before proceeding to invite a new round of applications. Before the conclusion of the review, it was premature to determine whether the Administration should inject more funds to URA.

Land resumption

10.54 Citing the example of Wah Kai Industrial Centre in Tsuen Wan where some factory operators had not received compensation despite that the issue had been dragging on for 15 years, Mr Albert CHAN commented that there was a need to improve the mechanism for compensation and appeals. He had proposed that mediation and arbitration be adopted to resolve the disputes over compensation for land resumption so as to avoid going through the costly litigation process, but the Administration had rejected his suggestion. He asked if D of L would re-consider it.

10.55 Mr Albert CHAN stated that he did not want "割房波" and "囤地波" to answer his questions as he was a liar. SDEV asked to put on record that Mr Albert CHAN's accusation was not substantiated by facts. Since the time allocated to Mr CHAN had already been used up, he considered it not necessary for D of L to answer Mr CHAN's question. Mr CHAN remarked that SDEV was an unscrupulous person and was really shameless. SDEV raised a point of order and requested the Chairman to ask Mr CHAN to withdraw his remarks. The Chairman said that members should not use offensive or insulting language at the meeting. Mr CHAN continued to shout at his seat despite the Chairman's ruling to ask him to stop. The Chairman finally ordered him to withdraw from the meeting.

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11.1 The Chairman welcomed the representatives of the Administration Wing, Audit Commission, Chief Executive's Office, Independent Commission Against Corruption, Legislative Council Secretariat and the Office of The Ombudsman to attend the session.

Administration Wing

Government records and archival services

11.2 Mr SIN Chung-kai asked by what criteria the Administration would decide whether and when a government record should be disposed of and whether a backup would be saved prior to disposal. He also asked if the record disposal process was independently monitored to ensure transparency. Director of Administration ("D of Admin") advised that the Administration would examine whether a record contained information relating to public policy formulation, major decisions, or matters that affected individuals or particular organizations, when determining whether it should be disposed of or preserved. Only records which were considered to have no historical value would be disposed of. D of Admin added that most of the records that had been disposed of were administrative files containing routine personnel, recruitment, financial and accounting information, or files related to venue management, etc.

11.3 In response to Mr SIN Chung-kai, D of Admin said that, on the advice of the Public Records Office ("PRO"), there had been occasions in the past where records approved for destruction were backed up using microfiche. In the long term, when the electronic archival system was developed, records to be archived might be digitized and stored electronically.

11.4 Mr MA Fung-kwok enquired about the types of records the Administration intended to purchase from the National Archives of the United Kingdom ("UK") in 2014-2015, and whether these records were already held in duplicate by local universities. Mr MA also asked if the Administration would procure Hong Kong-related records from other sources apart from the UK and how the Administration would promote the use of the procured records among students for general studies or for conducting local historical researches.

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11.5 D of Admin responded that the Administration had identified records relating to Hong Kong and kept by the UK National Archives which it intended to procure in 2014-2015. Details of the records to be procured would be provided to Members for reference after the meeting. She added that the Administration had conducted preliminary research and had confirmed that no duplicate copies were being held by local tertiary institutions. D of Admin further explained that apart from the UK National Archives, the Administration might procure Hong Kong-related records from other archives. These procured records would be open for public inspection. Workshops had been organized for teachers and students on how to use the archives for education and research purposes.

11.6 Ms Cyd HO criticized that not even the Executive Council or the Independent Commission Against Corruption ("ICAC") had complied with the archival guidelines prescribed by D of Admin. She noted that ICAC was still reviewing whether some of its files dated as early as 1946 should be transferred to PRO for processing. Ms HO also mentioned that PRO had only 13 staff but was recently given some 1.1 million records from the Police Force for assessment of whether they should be preserved or disposed of. Ms Cyd HO commented that the fact that guidelines were ineffective clearly demonstrated the need to introduce an archives law.

11.7 D of Admin responded that bureaux and departments should determine whether any record they possessed should be preserved or disposed of according to the retention and disposal schedule approved by the Government Records Service and the historical value of the records.

Commissioned studies

11.8 Mr Frederick FUNG noted from the Estimates for 2012-2013 and 2014-2015 that the Central Policy Unit ("CPU") would have spent more than \$2 million in commissioning the One Country Two System Research Institute ("OCTSRI") to conduct consultancy studies on topics such as the trend of discussion in social and political issues in the mass media. Mr FUNG pointed out that the incumbent Chief Executive ("CE") and Head, CPU were, respectively, the chairman and executive director of OCTSRI. The current executive director of OCTSRI was Mr CHEUNG Chi-kong, an Executive Council Member. Given the intricate connection between CE, Head CPU and the OCTSRI executive director, Mr Frederick FUNG asked

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whether Head, CPU had declared interest or abstained from participation in the selection of OCTSRI for undertaking the consultancy studies.

11.9 Deputy Head, CPU responded that the selection of research organizations to conduct consultancy studies for CPU was governed by the Stores and Procurement Regulations. In addition, the Administration would not invite single tender 1 from OCTSRI for any consultancy study. Deputy Head, CPU supplemented that Head, CPU was not a member of the vetting committee in selecting the candidates for conducting consultancy studies.

11.10 Dr Kenneth CHAN asked whether the consultancy studies conducted by OCTSRI could be released for public reference. Deputy Head, CPU said that in general, studies commissioned by CPU would be released for public inspection provided that the publication of the studies would not affect the work of the Administration, or affect the candor of discussion within the Administration. Deputy Head, CPU added that many of the previous consultancy studies had been uploaded onto the CPU website. As regards the specific studies conducted by OCTSRI, Deputy Head, CPU said that the Administration was reviewing the contents and findings, and might upload the reports of the studies onto the Government website where appropriate.

11.11 Dr Kenneth CHAN queried how sensitive OCTSRI's studies on trend of discussion on social and political issues in the mass media was, and when the Administration would complete the review on whether the studies could be publicly released. Deputy Head, CPU said that consultancy studies commissioned by CPU were mainly used internally as a source of reference in policy-related work. She said that there was no specific time frame to complete the review for public release.

Audit Commission

11.12 Dr CHIANG Lai-wan referred to the complaints against 92 Government departments, bureaux and audited organizations received by the Audit Commission as set out in one of its replies to members' written questions and asked whether all of the subjects under complaint were within the purview of the Audit Commission. Director of Audit advised that some of the organizations listed in the reply were not subject to the Commission's

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audit.

11.13 Dr CHIANG Lai-wan noted that the establishment of the Audit Commission did not seem to have expanded despite the significant growth in public expenditure. She expressed concern whether the Audit Commission had sufficient staff to handle the required audit responsibilities. Dr Kenneth CHAN made a similar query. Director of Audit said that the Government's expenditure had increased quite significantly from about \$320 billion in 2008-2009 to about \$450 billion in 2013-2014. Furthermore, the depth and coverage of the value-for-money audit reports had been growing. Thus, the workload of the Audit Commission had correspondingly increased. The Commission regularly reviewed the resources requirements for the conduct of audits and for supporting the work of the Public Accounts Committee. In 2014-2015, the Audit Commission would be given additional resources, including four new posts for conducting more compliance audits.

11.14 Dr CHIANG Lai-wan commented that many Government departments prescribed specifications for new headquarters building or other facilities without giving due regard to their cost-effectiveness. It turned out that many of the facilities were over-priced. Dr CHIANG asked whether there were regulations governing the costs and standards of government buildings or facilities. Deputy Secretary for Financial Services and the Treasury (Treasury) 1 said that the vote controller of a department was primarily responsible for ensuring prudent and proper use of public funds. All government building works and public works projects had to be justified through established procedures to be value-for-money. The Director of Audit would also play an important role in this regard.

11.15 Ms Emily LAU asked how the Audit Commission identified the departments or organizations for conducting audit or value-for-money studies, given the plethora of organizations under the Commission's scope, and the finite resources available. Director of Audit replied that controlling officers were responsible for the expenditure control of the funds under their purview and the estimates of expenditure of individual bureaux/departments were subject to the scrutiny of the Finance Committee. Controlling officers and their staff were required to observe the rules and procedures governing use of public funds. The Audit Commission would usually conduct sample checks when carrying out audits. If the Audit

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Commission identified areas for improvement in the audit process and they might be applied across the Government, the Commission would discuss with the Treasury Branch of the Financial Services and the Treasury Bureau on how to take forward the matters.

Chief Executive's Office

Executive Council

11.16 Dr Kenneth CHAN criticized the Administration for not providing in its replies to members' written questions the information on the attendance rates of individual Members of the Executive Council ("ExCo"). Permanent Secretary, Chief Executive's Office ("Perm Secy/CEO") responded that the ExCo Secretariat had full records of ExCo meetings, including Members' attendance details. However, since Non-official Members might need to withdraw from the discussion of individual items due to conflict of interest, and the conflict of interest involved might vary from one discussion item to another, the attendance rates of Members alone could not accurately reflect their participation. Therefore, the ExCo Secretariat had not thus far compiled any statistics on Members' attendance rates.

11.17 Ms Cyd HO also criticized the Administration for first withholding information on ExCo Members' attendance in ExCo meetings by suggesting that it did not have relevant statistics and then admitting that it kept full records of ExCo meetings only when pressed by members. Ms Emily LAU echoed Ms HO's views and urged the Administration to post the information on Members' attendance rates in ExCo meetings in the Government's website as soon as possible.

11.18 Dr Kenneth CHAN commented that the Administration should make reference to the Legislative Council Secretariat's methods of recording Members' attendance at meetings, which would still take into account Members' absence or abstention in voting due to pecuniary and other interests. The Administration took note of members' views.

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Chief Executive's duty visits, leave arrangement and entertainment expenses

11.19 Mr Frederick FUNG criticized the incumbent Chief Executive ("CE") for having taken the longest period of leave and conducted the highest number of overseas and Mainland visits as compared with all the former CEs. Mr FUNG said that, taking into account the total number of days of absence from Hong Kong, the incumbent CE was not performing his duty properly. Perm Secy/CEO said that CE was entitled to 22 days of paid leave in a year. The incumbent CE had not exceeded his entitlement. The frequency and duration of overseas and Mainland visits varied according to operational needs. In the past 10 years, the number of duty visits made by CEs had ranged from nine to 15 each year.

11.20 Mr Gary FAN asked the Administration to provide further information about the sponsorship received in relation to the 11 visits to the Mainland by the CE in 2013-2014, including the purpose of the visit, the nature and scope of sponsorship and the sponsor organizations involved. Perm Secy/CEO undertook to provide the information after the meeting. She supplemented that in some cases, the sponsoring organizations covered the cost of not only CE's hotel accommodation but also local transport during his visits.

11.21 Dr KWOK Ka-ki noted that the estimated expenditure on CE's non-accountable entertainment allowance (NEA) had increased from \$799,800 in 2013-2014 to \$834,200 in 2014-2015. Dr KWOK queried how the allowance was spent, and whether the details should be released for public inspection. Perm Secy/CEO said that apart from CE, Chief Secretary for Administration, Financial Secretary, Secretary for Justice and the Chief Justice of the Court of Final Appeal were all entitled to a NEA. She explained that the allowance was provided to enable the recipients to host official functions in their official residences. She also advised that the nature, amount and adjustment mechanism of the NEA had been discussed and approved by the Legislative Council.

Establishment and administrative expenditure of CE's Office

11.22 Mr CHAN Chi-chuen asked if the number of special appointments in 2014-2015 had increased over the previous financial year. He also queried about the duties and responsibilities of the Senior Special Assistant,

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the tenure of each contract, and whether the level of remuneration, at \$2.99 million inclusive of end-of-contract gratuity, was too high. Perm Secy/CEO said that the number of special appointment posts in the CE's Office had not increased in 2013-2014. However, with the filling of the Special Assistant post which had been left vacant for a period of time, the total headcount of officers in the CE's Office engaged by special appointment had increased in the course of 2013-14.

11.23 Perm Secy/CEO supplemented that the contract term of a special appointment was normally two-and-a-half years. As the contract of some of the special appointment posts would expire by the end of 2014, additional allocation was sought for the 2014-2015 financial year to cover the necessary expenditure on gratuity payment.

11.24 As regards the scope of responsibilities of the Senior Special Assistant, Perm Secy/CEO said that the post was mainly responsible for advising CE on Mainland-related affairs, assisting CE in liaising with the Central People's Government, making visit arrangements as well as building network with Hong Kong entrepreneurs in the Mainland.

11.25 Mr Paul TSE asked what specific investigation or inquiry the Administration had taken on whether the Information Co-ordinator ("IC") had published political commentaries under different pen names. Mr TSE commented that a civil servant or any Government employee under contract should seek prior approval from his or her department head for engaging in any remunerated work. He asked whether the Administration would initiate inquiry with the IC concerned.

11.26 Perm Secy/CEO advised that, as a general principle, Government employees must abide by the terms and conditions of appointment. The Government could impose sanctions against any breach, although as a general rule, it would not comment on individual cases in public. In the case of the incumbent IC, Perm Secy/CEO advised that the CE's Office had no information on articles published by him using pen names, and had not received from him any application for undertaking paid outside work. In response to Mr Tse, Perm Secy/CEO confirmed that enquires had been made to the incumbent IC in writing.

Independent Commission Against Corruption

Resources and expenditure of ICAC

11.27 Mr WONG Kwok-hing said that there had been recent media reports criticizing the long time that the Independent Commission Against Corruption ("ICAC") took in investigating a complaint case and in initiating prosecution. He asked if ICAC lacked resources for its work. Ms Emily LAU and Dr KWOK Ka-ki made similar observations. Ms Emily LAU queried whether the Commission had set up any benchmark on the time to complete an investigation.

11.28 Acting Commissioner, ICAC said that the Commission had sufficient resources to meet its work targets. However, operational efficiency might not be directly related to the amount of manpower or resources to be deployed in investigation. While the Commission pledged to complete an investigation within 12 months, it might require a longer time for more complex cases.

11.29 Acting Commissioner, ICAC supplemented that the decision of whether to initiate prosecution was under the purview of the Secretary for Justice. Acting Commissioner, ICAC maintained that the Commission conducted investigation independently and fairly in accordance with the existing legislation, and reported work progress to an independent advisory committee, the Operations Review Committee, every six weeks.

11.30 Mr Dennis KWOK queried whether the sharp increase in general departmental expenses in ICAC's Administration Branch in 2012-2013 as compared with 2011-2012 was due to the expenditure for organizing a seminar in 2012-2013. Acting Commissioner, ICAC said that the estimated expenditure for 2012-2013 was intended to cover the cost of organizing an anti-corruption seminar and the publication of the proceedings for distribution amongst participants. The expenditure also covered the cost of commissioning academics in local universities to conduct comparative studies on anti-corruption legislation between Hong Kong and overseas jurisdictions. Mr KWOK requested the Administration to provide detailed breakdown of ICAC's general departmental expenses in 2012-2013.

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11.31 Mr Dennis KWOK enquired how the estimated levels of expenditure of the Commissioner's Office and the Administration Branch were determined. Acting Commissioner, ICAC advised that resources were allocated to the various programmes under the different departments of the Commission according to a fixed percentage. For example, about 76% of the financial year's appropriation of the Commission would be allocated to the operations department, 7% to the Corruption Prevention Department ("CPD") and 17% to the Community Relations Department ("CRD").

Combating tender-rigging in building maintenance

11.32 Mr WONG Kwok-hing expressed concern about tender-rigging among contractors bidding for building maintenance projects. He asked if the Administration would introduce extra measures to combat against tender-rigging activities, and whether the Administration would amend the relevant legislation to clarify the legal liability of tender-rigging.

11.33 Mr SIN Chung-kai asked whether the number of complaints against tender-rigging in building maintenance works had increased in recent years. He also asked whether additional resources would be allocated for the Commission to step up corruption prevention, as well as publicity and public education efforts to combat tender-rigging activities. Acting Commissioner, ICAC said that the number of complaints and reports of corruption cases related to building maintenance had, in fact, declined, although these cases still represented some 40% of the total number of complaint cases in the private sector received by the Commission.

11.34 Acting Commissioner, ICAC supplemented that there was a dedicated team within the Operations Department comprising 40 staff members to investigate corruption complaints relating to building management and maintenance. The Commission would deploy more investigative resources when necessary. Meanwhile, public education efforts would be strengthened to raise the awareness and participation of property owners and tenants in building management and maintenance matters.

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Investigation into the former Commissioner

11.35 Ms Emily LAU noted that Commissioner, ICAC was personally involved in the investigation into the case of the former Commissioner, Mr Timothy TONG. Ms LAU said that the Commissioner's recent comments on the case might give the public an impression that he had already formed a position on the case. Acting Commissioner, ICAC said that it was the Commission's policy that no speculation or public comment would be announced on any case under investigation. The remarks of Mr Simon Y L PEH as reported in the media was a general comment and was not referring to any specific case under investigation.

11.36 Ms Cyd HO asked whether the L Group of ICAC, which dealt with alleged corruption or improper conduct against ICAC officers, had received any complaint against Mr Timothy TONG during his tenure as the Commissioner and, if not, whether such absence of internal complaint against Mr TONG might signify that the L Group as well as the efforts of establishing anti-corruption culture within ICAC had been ineffective. Acting Commissioner, ICAC said that details of complaints received by the L Group were confidential. He assured members that there were established internal mechanisms for staff to report any inappropriate conduct of ICAC officers. Acting Commissioner, ICAC admitted that Mr Timothy TONG's case presented an opportunity for the Commission to reflect and review the internal mechanism, and to reinforce among ICAC staff the message that the Commission would not tolerate any corrupt or improper conduct of any member of the Commission, regardless of rank and position.

11.37 Dr KWOK Ka-ki criticized CRD for having damaged the reputation and credibility of the Commission over the handling of official entertainment arrangements of the former Commissioner. Dr KWOK asked how the Commissioner would restore public confidence on the Commission. Acting Commissioner, ICAC said that an internal audit unit would be set up to review the procedures of various departments or branches within the Commission in approving or disbursing public funds to ensure that they were in compliance with the prescribed standards and requirements.

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Voters registration and vote-rigging

11.38 Mr IP Kwok-him said that a person who, inadvertently, had not updated his voter registration after moving to a new address, could be considered to be vote-rigging. He asked whether ICAC would step up publicity efforts to remind voters to update their voter registration information. Acting Commissioner, ICAC said that CPD would, with reference to the past complaints on vote-rigging, explore with the Registration and Electoral Office ("REO") on improvement measures for minimizing the chance of vote-rigging. He added that the Administration would step up publicity and public education on the need to maintain fair and clean elections. CRD would also set up a hotline for the public to make enquiries preceding the next round of elections on election-related matters including voter registration.

Duty visits of Commissioner

11.39 Mr Dennis KWOK said that the incumbent Commissioner was more restrained in the use of public funds for overseas duty visits as compared with the former Commissioner. Mr KWOK queried whether there were mechanisms for monitoring the use of funds by officials of different ranks in ICAC for official visits and entertainment. Acting Commissioner, ICAC advised that ICAC had promulgated in May 2013 a new set of rules on the use of funds for official entertainment and presentation of souvenir to guests for all levels of staff of the Commission.

Legislative Council Commission

Reimbursement of operating expenses

11.40 Mr TANG Ka-piu asked if the Legislative Council Secretariat would examine the feasibility of providing additional funds at the end of each LegCo term to enable Members to pay gratuities to their Personal Assistants ("PAs"), so that Members would not have to offset the severance pay entitled by PAs against the PAs' mandatory provident fund scheme benefits (the part attributable to employer's contributions). Secretary General, Legislative Council ("SG, LegCo") said that a subcommittee was formed under the House Committee to study issues relating to Members' remuneration and operating expenses reimbursement. The Subcommittee

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would submit its proposal for changes to the remuneration package of LegCo Members to the Independent Commission on Remuneration for Members of the Executive Council and the Legislature, and Officials under the Political Appointment System of the Hong Kong Special Administrative Region. SG, LegCo said that he would reflect Members' views to the Subcommittee for follow-up.

Manpower resources for the Legislative Council Secretariat

11.41 Ms Emily LAU expressed concern about staff morale in the Legislative Council Secretariat given the trend of increasing workload. She asked whether the Secretariat had sufficient resources to cope with the work. SG, LegCo acknowledged that the duration of meetings of the Council and committees had become longer and the issues being dealt with had become increasingly complicated. However, he had not received any staff complaints recently about having difficulty coping with the workload. The Legislative Council Commission had supported the Secretariat's bids for additional resources. SG, LegCo expected that, subject to passage of the Appropriation Bill 2014, new resources in the 2014-15 financial year should enable the Secretariat to further improve the staffing situation.

Office of The Ombudsman

11.42 Dr Kenneth CHAN asked whether extra resources would be allocated to the Office of The Ombudsman for conducting more direct investigation. The Ombudsman said that the Office would conduct direct investigation into cases involving systemic flaws or issues of significant public interest. In addition, it would conduct initial assessment before deciding on whether it should launch a direct investigation against an organization or an issue. Staff would be deployed flexibly within the Office of The Ombudsman to carry out these tasks. At present, the Office conducted around five to six direct investigations each year.

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12.1 At the invitation of the Chairman, Mr Gregory SO, Secretary for Commerce and Economic Development ("SCED"), briefed members on the key areas of work under the Commerce, Industry and Tourism portfolio for the 2014-2015 financial year (Appendix IV-10).

Commerce and Industry

Intellectual property

12.2 Ir Dr LO Wai-kwok enquired about the progress of work of the Working Group on Intellectual Property Trading ("the Working Group") established in March 2013 and the statistics on intellectual property ("IP") trading in Hong Kong. Pointing out that the development of a sound IP protection regime and the promotion of IP trading would complement the development of innovation and technology industries in Hong Kong, Ir Dr LO enquired whether IP protection and IP trading would be included in the portfolio of the proposed Innovation and Technology Bureau.

12.3 In response, SCED advised that IP trading generally referred to the buying, selling and transferring of IP rights, such as patents, copyright works, industrial designs, trademarks, semi-conductor layout-designs, or even trade secrets and plant varieties. IP trading also involved various intermediary services, such as legal, arbitration, accounting, valuation, financing and insurance services. As the clustering of high quality IP intermediary services would be essential to the development of an IP trading hub, fostering IP intermediary services and manpower was one of the four strategic areas identified by the Working Group. Two sub-groups were formed under the Working Group to look into the more important and specialized subjects of IP valuation, as well as IP arbitration and mediation, respectively.

12.4 SCED acknowledged that IP trading could enhance Hong Kong's research and development capacity and facilitate technology transfer. It would complement Hong Kong's efforts to become an innovation and technology hub. The Commerce and Economic Development Bureau would collaborate with the proposed Innovation and Technology Bureau in the future in promoting IP trading in Hong Kong. Regarding the statistics on IP trading in Hong Kong, SCED advised that the export and import of services classified as the use of IP in 2012 were \$4 billion and \$15.6 billion,

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respectively.

12.5 Mr WONG Kwok-hing welcomed the Administration's decision to introduce an "original grant" patent ("OGP") system in Hong Kong and enquired about the financial resources allocated for implementing the OGP system.

12.6 SCED responded that the Intellectual Property Department had started the preparatory work for implementing the OGP system. Major tasks in the coming years included, among other things, finalizing the detailed arrangement of substantive examination for the OGP system; planning and building the electronic system in support of the new patent regime; drafting examination manuals and designing workflows for examination of patent applications under the new patent system; and formulating appropriate legislative amendments. The Intellectual Property Department had reached a co-operation arrangement with the State Intellectual Property Office to secure its support and technical assistance in substantive examination for Hong Kong's OGP system, and to assist Hong Kong in manpower training and development to build up its capability for conducting substantive examination. As such, substantial financial resources might not be required in the preparatory work stage. The Administration would update the Panel on Commerce and Industry on the progress of the preparatory work, and seek the Finance Committee's approval for additional resources when necessary.

12.7 Mr WONG Kwok-hing enquired whether the Administration would consider the development of Phase 4 of the Hong Kong Science Park ("HKSP") which had accommodated many technology companies and local inventors. In response, SCED advised that construction of HKSP Phase 3 was on schedule and would be completed by 2016 to meet the demand in the near future. The Administration would review the future development directions of HKSP to facilitate the development of innovation and technology in Hong Kong.

12.8 Mr CHUNG Kwok-pan enquired whether the Administration would consider setting up a fund to provide financial assistance to small and medium enterprises ("SMEs") for patent applications or other related legal services. SCED responded that the Intellectual Property Department and the Working Group had maintained close liaison with the local business

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sector, including SMEs, business associations, IP intermediaries, etc. The Administration aimed to promote SMEs' awareness of the importance of protecting their IP rights and to increase their understanding of innovation and IP management. The Administration was administering a Patent Applicant Grant which provided funding support to locally incorporated companies and individual applicants for first time patent applications in Hong Kong or overseas.

Support for small and medium enterprises

12.9 Referring to the Dedicated Fund on Branding, Upgrading and Domestic Sales ("the BUD Fund"), Mr Charles MOK relayed the call from some local SMEs in the retail or service industry for similar funding support to assist them in branding and developing the local market. SCED and Director-General of Trade and Industry ("DG of TI") responded that the BUD Fund aimed at providing funding support to individual enterprises and non-profit-distributing organizations (such as industrial and trade organizations, professional bodies, research institutes, etc.) in Hong Kong so as to help enterprises capture the opportunities arising from the National 12th Five-Year Plan, enhance their competitiveness and facilitate their business development in the Mainland. The Administration had been providing assistance to SMEs through various schemes, including SME Export Marketing Fund ("EMF"), SME Development Fund ("SDF"), and SME Loan Guarantee Scheme. In particular, SDF aimed to provide financial support to non-profit-distributing organizations in carrying out projects to enhance the competitiveness of SMEs. Moreover, the Hong Kong Productivity Council was dedicated to promoting productivity enhancement of the industry through the provision of integrated support along the value chain of the industry. Its work included assisting local manufacturers and SMEs in industrial upgrading, business transformation, and branding, etc.

12.10 Mr Martin LIAO noted that the number of applications received under EMF had gradually decreased from 31 339 in 2009-2010 to 17 851 in 2013-2014 (as at the end of February 2014), and the percentage of applications approved had also decreased from 94% to 81% during the same period. On the other hand, the average amount of grant for applications approved had increased from \$13,600 to \$15,976. Mr LIAO enquired about the reasons for these changes.

12.11 In response, DG of TI advised that a series of enhancement measures had been introduced to EMF since 2008, including increasing the maximum amount of grant per application from \$30,000 to \$50,000 and the cumulative amount of grant per SME from \$80,000 to \$150,000. The enhancement measures were well-received by SMEs and the number of applications received increased considerably between 2008 and 2009, particularly since those active SMEs applicants which had exhausted their original cumulative grant ceiling of \$80,000 could apply for grants again under the new cumulative ceiling of \$150,000. However, the number of applications decreased gradually in subsequent years as more and more SMEs exhausted even the new cumulative grant ceiling. DG of TI further advised that as the cumulative grant ceiling for each SME was further raised to \$200,000 in June 2013, the number of applications received had gone up again in the second half of 2013, and was expected to increase steadily.

Retail industry

12.12 In response to Mr Charles MOK's enquiry about the additional funding of \$130 million to implement the recommendations made by the Task Force on Manpower Development of the Retail Industry, SCED advised that the Administration would earmark \$50 million to support retailers on a matching fund basis for the use of information technology and other technology solutions to increase productivity. The remaining \$80 million would add to existing resources to implement a range of support measures, notably assisting the Vocational Training Council ("VTC") in rolling out pilot programmes dedicated to the retail industry; working with the retail industry to enhance the image of the trade; and organizing large-scale and district-based job fairs dedicated to the retail industry.

12.13 Mr KWOK Wai-keung noted that the Administration would assist VTC in strengthening its vocational education and training on retail with reference to the Specifications of Competency Standards for the Retail Industry that was newly drawn up under the Qualifications Framework. Mr KWOK pointed out that the unfavourable perception of the retail industry in terms of long working hours and poor career prospect, etc., was one of the factors leading to the manpower shortage in the retail industry. Mr KWOK enquired about the details of the pilot programmes and questioned whether the proposed starting salary of \$11,000 per month for

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graduates of the pilot programmes would be attractive enough to recruit quality staff to join the retail industry.

12.14 In response, Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) ("PS(CIT)") advised that the pilot programmes on retail combined classroom learning and work placement. The Administration was discussing with VTC and the industry on the detailed parameters of the pilot programmes to ensure that they would meet the industry's needs and be attractive to youngsters. In addition, the Administration would encourage employers in the retail industry to maintain a competitive remuneration level, improve working conditions, and enhance career prospects as appropriate to attract and retain staff.

Investment promotion

12.15 In the face of increasing competition from neighbouring economies, Mr Jeffrey LAM urged the Administration to expeditiously strengthen its efforts in attracting and retaining foreign direct investment, and to promote Hong Kong's advantages as a leading international business hub.

12.16 Director-General of Investment Promotion responded that investment promotion work required long-term efforts. In general, each project might take two to three years from the initial contact with the target companies until they set up their offices in Hong Kong. The Administration was confident of a continued increase in the number of foreign companies investing in Hong Kong. The Invest Hong Kong would continue with its investment promotion efforts in attracting companies to set up or expand their business in Hong Kong, with focus on target companies from the priority markets, particularly, the Mainland and the emerging markets. It would also continue to conduct investment promotion activities to encourage companies from developed markets to tap into the business opportunities in the Asia-Pacific region, using Hong Kong as a base.

Trade facilitation

12.17 Mr Frankie YICK enquired about the implementation timetable for the seamless cross-boundary clearance of transshipment cargoes through the

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use of a single electronic lock under the principle of "separate monitoring with one lock across the boundary" to facilitate efficient cargo flow across the boundary. In response, Commissioner of Customs and Excise ("C of C&E") advised that the trial run of seamless cross-boundary clearance of transshipment cargoes had progressed smoothly. Upon completion of the testing, the HKSAR Government would consider the result and discuss the long-term implementation plan with the Mainland. No concrete timetable had been drawn up as the matter involved the co-ordination between the General Administration of Customs and various customs districts in the Mainland. C of C&E hoped that there would be substantive progress in the discussion within 2014.

12.18 Referring to the Hong Kong Authorized Economic Operator Programme, Mr Frankie YICK noted that the Customs and Excise Department ("C&ED") had entered into mutual recognition arrangements ("MRAs") with the customs administrations of the Mainland, India and Korea, which would allow accredited enterprises to enjoy further customs facilitation in these countries. Mr YICK enquired whether C&ED planned to sign more MRAs with other countries. C of C&E responded that C&ED would sign an MRA with the customs administration of Singapore in the coming few months. C&ED also planned to commence negotiation of MRAs with some member states of the Association of Southeast Asian Nations in the second half of 2014.

12.19 Mr Frankie YICK said that the logistics industry welcomed C&ED's adoption of the same data model used by the Mainland Customs to facilitate synchronized submission of cargo data by the industries. He called on C&ED to consider providing further facilitation measures for inter-modal transshipment cargoes (such as from land to air). C of C&E advised that there were different systems for customs clearance of cargoes at various boundary control points. In response to industry feedback, the Administration would introduce further facilitation measures for intermodal transshipment cargoes and examine the feasibility of adopting an integrated single electronic platform for cargo declaration.

Overseas Hong Kong Economic and Trade Offices

12.20 Mr MA Fung-kwok noted that the overseas Hong Kong Economic and Trade Offices ("ETOs") had assisted in promoting Hong Kong's cultural

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and creative industries and cultural exchanges in the countries or cities under their respective charge, but they supported mainly the large art and cultural groups in, for instance, the Hong Kong Children's Symphony Orchestra, City Contemporary Dance Company, Asian Youth Orchestra, etc., in their overseas performances and exchanges. Mr MA called on the Administration to support more small and medium-sized art and cultural groups to participate in overseas exchanges to help them gain more exposure and performance opportunities.

12.21 SCED and PS(CIT) responded that over the years, ETOs had been in close contact with different art and cultural organizations in Hong Kong to provide support for their cultural exchanges in overseas countries. ETOs would respond positively to requests raised by these organizations and provide assistance as appropriate, including liaising with relevant local partners and other local art and cultural bodies to facilitate cultural exchanges and co-operation. ETOs would also provide assistance in publicity work through different channels, and support or co-organize events, etc., in order to promote Hong Kong's cultural and creative industries overseas.

12.22 Citing the naming of the Hong Kong Economic, Trade and Cultural Office in Taiwan ("HKETCO") as an example, Mr MA Fung-kwok requested the Administration to consider seriously re-naming the overseas ETOs to better reflect their roles and functions in enhancing cultural co-operation and exchanges. In response, PS(CIT) advised that in most instances, the names of the overseas ETOs had been cited in the law or relevant instruments of the host country governing the setting up of the respective ETOs. The naming of HKETCO was a special arrangement under the principle of reciprocity between Hong Kong and Taiwan.

Tourism

Hong Kong's capacity to receive tourists

12.23 Mr Jeffrey LAM, Mr SIN Chung-kai, Mr Michael TIEN, Miss CHAN Yuen-han, Mr Gary FAN, Ms Claudia MO, Mr Albert CHAN, Mr TANG Ka-piu and Dr KWOK Ka-ki expressed grave concern about the adverse impact of the continuous growth in Mainland visitor arrivals on the livelihood of the community that had led to conflicts between Hong Kong

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and Mainland residents. Mr SIN, Mr TIEN, Miss CHAN, Mr FAN, Ms MO and Mr CHAN urged the Administration to reflect to the Mainland authorities the problems arising from the excessive number of visitors in Hong Kong, and to request the Mainland authorities to consider suspending the Individual Visit Scheme ("IVS"), or to set a quota on the number of arrivals by making reference to Taiwan's quota scheme for individual Mainland tourists. Mr Jeffrey LAM was of the view that long-term planning and comprehensive policies and measures should be formulated to facilitate the healthy and sustainable development of the tourism industry.

12.24 In response, SCED and Commissioner for Tourism ("C for Tourism") advised that tourism was an important pillar of Hong Kong's economy. Despite the challenges brought to Hong Kong, the continuous growth in visitor arrivals had also boosted the development of the tourism, retail and catering industries in Hong Kong and promoted local employment at the same time. To facilitate the long-term and stable development of the tourism industry, the Administration would adopt a three-pronged approach to continuously enhance Hong Kong's capacity to receive tourists; attract high value-added visitor segments to Hong Kong; and strengthen promotion of tourist attractions in different districts to help divert visitors from traditional tourist hot spots. At the same time, the Administration would endeavor to strike a balance between maximizing the economic benefits tourism brought to Hong Kong and minimizing the impact on the community brought about by the increasing number of tourists.

12.25 SCED and C for Tourism further advised that the HKSAR Government had discussed IVS and multiple-entry permit policy with the Central People's Government ("CPG") over the past year. The HKSAR Government had also conveyed to CPG the different views of Hong Kong people on the further expansion of IVS. CPG had agreed not to increase the number of IVS cities nor expand the scope of the multiple-entry permit at the current stage. The HKSAR Government would continue to maintain close liaison with the Mainland authorities and exchange views with them on a regular basis regarding the implementation and way forward for IVS, and to attract Mainland visitors in an appropriate and orderly manner having regard to Hong Kong's economic and social conditions. As to Taiwan's quota scheme for individual Mainland tourists, SCED said that the situations in Hong Kong and Taiwan were different and the two places could not be compared directly.

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12.26 Mr Michael TIEN noted that of the total 54 million visitor arrivals in 2013, about 27 million were Mainland IVS visitors, and that according to the Assessment Report on Hong Kong's Capacity to Receive Tourists, the projected visitor arrivals in 2017 would exceed 70 million. Mr TIEN pointed out that in the past few years, the annual growth rate of Mainland visitor arrivals under IVS was about 30%. Taking into account the expected commissioning of the Guangzhou-Shenzhen-Hong Kong Express Rail Link and the Hong Kong-Zhuhai-Macau Bridge, he considered the Administration's projected visitor arrivals of 70 million in 2017 grossly conservative. Mr TIEN was particularly concerned that the continuous growth in Mainland visitor arrivals had adversely affected the use of the railway service by local residents. Ms Claudia MO shared Mr Michael TIEN's views.

12.27 SCED agreed that the loading of certain railway lines was relatively higher during peak hours. To alleviate crowdedness and shorten the waiting time during peak hours, the MTR Corporation Limited ("MTRC") had strengthened the train service of different railway lines in the past two years. MTRC would closely monitor the service level of every railway line and adjust service as required to meet the overall passenger demand. C for Tourism supplemented that the projected visitor arrivals of 70 million in 2017 was based on the assumption that the growth of Mainland visitor arrivals in the coming few years would be steady as it was believed that the large surge in arrivals in the past few years might not sustain over the long term.

12.28 Miss CHAN Yuen-han, Mr TANG Ka-piu and Dr KWOK Ka-ki were concerned that a considerable number of IVS visitors travelling on multiple-entry permits were in fact parallel traders in daily necessities crossing the border multiple times within a single day. Such activities had caused nuisance and upset the supply-demand balance for daily necessities in Hong Kong. Miss CHAN, Mr TANG and Dr KWOK called on the Administration to consider discussing with the Mainland authorities to revise the policy on multiple-entry permits, or to implement administrative measures to counter multiple entries of parallel traders within one day.

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12.29 SCED responded that the Administration understood local people's concerns about the nuisance caused by parallel trading activities. Nonetheless, the suggestion of an across-the-board cancellation of multiple-entry permits ought to be carefully considered having regard to the affect on visitors with genuine need for frequent travel between Hong Kong and the Mainland. C for Tourism supplemented that the Immigration Department had established a watch list of suspected parallel traders, and if the Department found the purposes of their visits doubtful, it would consider taking necessary actions including refusing their entry into Hong Kong.

12.30 Mr Gary FAN noted that the marketing budget of the Hong Kong Tourism Board ("HKTB") for the Mainland market in 2014-2015 was \$41.8 million. In view of the impact of the continuous growth in Mainland visitor arrivals on the livelihood of the community, Mr FAN questioned the justifications for continuing deploying resources in promoting Hong Kong in the Mainland market. SCED responded that about \$166.7 million of the estimated marketing budget of HKTB in 2014-2015 would be used for promotions in visitor source markets to attract overnight visitors. The budget for the international markets would be increased from 70% in 2013-2014 to 75% in 2014-2015, while the budget for the Mainland market would be lowered from 30% to 25%. Most of the Mainland promotion budget would be allocated to the non-Guangdong areas to attract overnight visitors. HKTB would cautiously deploy its resources to various markets according to their immediate and future potential and their strategic importance.

12.31 Mr Paul TSE pointed out that Hong Kong had all along been a free port, and he did not agree to the suggestion of setting a quota on Mainland visitor arrivals. Mr TSE suggested that more resources should be deployed in developing and enhancing Hong Kong's tourism infrastructure instead of marketing work. Mr YIU Si-wing shared Mr TSE's views, and suggested that the Administration should collect information and categorize visitors according to the places they visited, their spending pattern and means of entry and exit so as to draw up tourists diversion plans to ease present concentration of tourists in a few places.

12.32 C for Tourism took note of Mr YIU Si-wing's suggestion. He said that the Administration would continue to invest in tourism infrastructure to sustain Hong Kong's position as an important tourism hub

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of Asia. As Hong Kong's neighbouring economies were stepping up their efforts to attract visitors, it was important for HKTb to continue its work in marketing and promoting Hong Kong worldwide as a preferred travel destination.

12.33 Mr YIU Si-wing suggested that the Administration should step up efforts in promoting tour products relating to heritage and historic monuments in Hong Kong. In response, C for Tourism advised that HKTb had launched the "New Tour Product Development Scheme" in 2012-2013 that offered subsidies to encourage the travel trade to develop attractive and creative themed tours to enrich visitors' choices. Various new tour products covering different themes, including heritage and historic monuments, had been launched since April 2013. HKTb would continue to run the Scheme in 2014-2015, and actively promote new tour products rolled out under the Scheme through various channels and public relations activities to provide visitors with diverse travel options.

12.34 Mr SIN Chung-kai referred to a recent media report in the Mainland that under the disguise of coupons offered to customers, some travel agencies had in effect organized "zero-fare" tours to Hong Kong with shopping itineraries only. He was concerned that coerced shopping would undermine the image of Hong Kong's tourism sector and enquired how the Administration would handle the situation.

12.35 SCED and C for Tourism responded that the Mainland authorities had implemented the Tourism Law of the People's Republic of China ("the Tourism Law") in October 2013. The Travel Industry Council of Hong Kong ("TIC") had also implemented ten measures since February 2011 to tighten up the regulation of the Mainland inbound tour group business and to enhance the protection of Mainland visitors' rights. As regards the Mainland media report mentioned by Mr SIN Chung-kai, C for Tourism said that TIC had contacted the relevant Mainland media to see if it could obtain further information on the case, and would take appropriate actions if any travel agent operating inbound tour group from the Mainland had been found to have violated TIC's rules and guidelines. The HKSAR Government would continue to monitor the impact of the Tourism Law on the tourism sector in Hong Kong, and would maintain close liaison with the China National Tourism Administration with a view to promoting the healthy and sustainable development of the tourism industry in the

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Mainland and Hong Kong.

Kai Tak Cruise Terminal

12.36 Mr Martin LIAO noted that over 70% of the total estimated provision of \$85.26 million for the operation of the Kai Tak Cruise Terminal ("the Terminal") in 2014-2015 was allocated for the maintenance of electrical and mechanical facilities of the Terminal. Mr LIAO questioned the high percentage of maintenance expenses, and was concerned about further escalation in maintenance expenditure in future due to the ageing of facilities of the Terminal.

12.37 C for Tourism responded that the operation of the Terminal required various sophisticated electrical and mechanical facilities. The maintenance costs had been sought as part of the recurrent costs for the Terminal when the Administration sought funding approval from the Legislative Council in 2010. The maintenance expenditure in the future would depend on the operation of the Terminal, including the commissioning of the second berth. C for Tourism further advised that different categories of maintenance staff as well as the staff of the terminal operator would strive to maintain the highest standard of the facilities in the Terminal and at the same time minimize unnecessary maintenance expenditure.

12.38 Referring to the media reports that the passengers of the Queen Mary 2 that berthed at the Terminal were disappointed that the shops at the Terminal were not yet opened, Mr WONG Ting-kwong enquired when the commercial areas of the Terminal would become operational.

12.39 C for Tourism said that the commercial areas on the second floor of the Terminal had been leased out for a mix of high-end retail outlets. Another tenant was a catering company which would operate a Chinese restaurant. The tenants were carrying out design and fitting out works and were expected to open for business in phases from mid-2014 onwards. They would add to the attractiveness of the Terminal to cruise passengers and visitors.

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Mega Events Fund

12.40 Mr Kenneth LEUNG noted that despite funding support of \$8 million to \$9 million, some of the events funded by the Mega Events Fund ("MEF") failed to attract a large number of visitors. For instance, the numbers of participating visitors of the Hong Kong Tennis Classic 2010 and the UBS Hong Kong Open Championship 2011 stood at 942 and 9 903 respectively. Mr LEUNG further pointed out that another MEF-supported event, the Manchester United Asia Tour 2013 (Hong Kong Leg) attracted only 8 140 visitors against a seating capacity of 40 000 at the event venue, the Hong Kong Stadium. He questioned the objectives and the effectiveness of these MEF-supported projects in attracting visitors to Hong Kong.

12.41 In response, SCED and C for Tourism advised that MEF aimed to support events that would attract visitors and participants from Mainland and overseas, and reinforce Hong Kong's position as the "Events Capital of Asia". Mega events would also generate considerable economic benefits by boosting consumption and providing direct and indirect job opportunities in various sectors. In general, the funded events should be of a considerable scale involving 10 000 or more people (including local and visiting participants, spectators and reporters).

Competition policy

Competition Ordinance

12.42 Mr WONG Ting-kwong pointed out that the business sector was concerned about the future implementation of the Competition Ordinance ("the Ordinance"), and was eager to learn more about the Ordinance's provisions and guidelines for compliance. Mr WONG enquired about the Administration's work in promoting the Ordinance to the business sector and the public.

12.43 SCED responded that the Competition Commission ("the Commission") was conducting the recruitment for its top executives and support staff. A key task of the Commission in 2014-2015 was to consult the relevant stakeholders in the development of regulatory guidelines and other documents required under the Ordinance. The Commission would

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engage and consult the public and the business sector in the process and this would enhance their understanding of the Ordinance and in particular, facilitate the preparation of the business sector for the full implementation of the Ordinance.

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13.1 At the invitation of the Chairman, Mr Gregory SO, Secretary for Commerce and Economic Development ("SCED"), briefed members on the key areas of work under the Communications and Technology ("CT") portfolio for the 2014-2015 financial year (Appendix IV-11).

Broadcasting services

Domestic free television programme services

13.2 Mr MA Fung-kwok and Ms Claudia MO enquired about the progress in completing the remaining work relating to the two applications for domestic free television programme service ("free TV") licences and the timetable for completion of the work. SCED advised that the Communications Authority ("CA") had requested the two free TV licence applicants concerned, namely, Fantastic Television Limited ("Fantastic TV") and Hong Kong Television Entertainment Company Limited ("HKTVE"), to submit the necessary additional information. CA would review the information submitted by Fantastic TV and HKTVE in due course with a view to submitting to the Chief Executive in Council ("CE in C") recommendations on whether free TV licences should be formally granted to the two applicants. After receiving the recommendations, CE in C would make a decision as soon as possible.

13.3 Director-General of Communications ("DGC") added that CA had requested Fantastic TV and HKTVE to submit further information and responses from the two applicants were awaited. Meanwhile, the draft licences had been forwarded to Fantastic TV and HKTVE for consideration, following which CA would commence discussion with them on the licence conditions. While CA would follow up on the approval in principle granted by CE in C to the two applications as expeditiously as possible, the actual progress would depend on how soon the two applicants get back with the outstanding information and the completion of their corporate restructuring.

13.4 Mr Paul TSE enquired whether the application by Hong Kong Television Network Limited ("HKTV") for judicial review against CE in C's decision on its licence application would hinder the progress of granting new free TV licences to the other two applicants. SCED responded that he

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would not comment on the ongoing legal proceedings relating to HKTV's judicial review application. He said that the judicial review application had not affected the Administration's follow-up work relating to the granting of two new free TV licences.

13.5 Noting the substantial increase in public complaints against the free TV licensees in recent years, Mr Paul TSE enquired if there was any change in policy on the handling of complaints against free TV licensees. DGC advised that CA handled such complaints according to the relevant legislation, the licence conditions and the codes of practice issued by CA. The levels of penalty imposed for contraventions were, as in the past, based on the nature and severity of the breaches, track record of the licensee, etc. There was no change in policy.

13.6 Ms Emily LAU commented that the Administration should announce its decision on the existing free TV licensees' applications for licence renewal as soon as possible. She enquired about the progress of the follow-up work in this regard. Noting complaints about frequent re-run of programmes by the existing licensees, she commented that any underutilized portion of the radio spectrum currently assigned to the existing licensees should be reclaimed for reassignment to new entrants to the free TV market so as to promote competition.

13.7 DGC responded that the two-month public consultation on free TV licence renewal would end on 3 April 2014. CA would collate and take into account the views collected in making its recommendations to CE in C for consideration by the fourth quarter of 2014. CA was required under the Telecommunications Ordinance ("TO") (Cap. 106) to promote the efficient allocation and use of radio spectrum which was a scarce public resource. SCED added that the Administration was committed to the policy of opening up the free TV market, and was actively making preparations for the granting of two new free TV licences.

Mobile television services

13.8 Ms Claudia MO enquired whether the proposal of Hong Kong Mobile Television Network Limited ("HKMTV") to switch to the same transmission standard adopted by the incumbent free TV licensees for the

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provision of digital terrestrial television services ("DTT") to specified premises in Hong Kong would render it unable to provide the proposed mobile TV services commencing in July 2014.

13.9 DGC advised that HKMTV held a Unified Carrier Licence ("UCL") issued under TO authorizing it to provide mobile TV services. HKMTV's UCL specified that broadcast-type mobile TV services meant the services of conveying TV programmes with the use of digital broadcasting technologies for reception at moving locations in Hong Kong. Nothing in UCL authorized the licensee to provide any fixed services, nor any service subject to licensing under any other ordinance. As HKMTV planned to switch to a new transmission standard which would render its mobile TV services available for reception by more than 5 000 specified premises in Hong Kong, and unless HKMTV put in place effective measures to prevent that from happening, the licensing requirement under BO in respect of a domestic free television programme service licence or domestic pay television programme service would be triggered.

Radio Television Hong Kong

13.10 Mr SIN Chung-kai expressed concern about the frequent re-run of programmes on the DTT channels of Radio Television Hong Kong ("RTHK") which in his opinion was a waste of the precious radio spectrum. He enquired whether the Administration had any contingency plans in response to the delay in construction of RTHK's new Broadcasting House ("BH"), for example, by producing TV programmes in leased industrial buildings.

13.11 Director of Broadcasting ("D of B") advised that RTHK commenced trials on DTT programme transmission in respect of its three DTT channels in January 2014. The official channel names were RTHK TV 31, RTHK TV 32 and RTHK TV 33. RTHK TV 31 was the flagship channel offering general programmes on current affairs, education, information, culture and arts, and drama. RTHK TV 32 was a live feed channel which aimed to live feed Legislative Council meetings every Wednesday and other important meetings and events. RTHK TV 33 relayed programmes of China Central Television ("CCTV")-9 Documentary which was a very informative 24-hour documentary channel.

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13.12 D of B further advised that RTHK had been producing certain programmes in leased premises on a limited scale. However, such an arrangement could not be sustained over the long term owing to the much higher production cost involved. SCED added that since RTHK's new BH proposal was not supported by the Public Works Subcommittee ("PWSC") at its meeting on 3 January 2014, the Administration had been working on a fresh proposal for submission to the Council.

13.13 Ms Emily LAU enquired about the impact of the delay in construction of the new BH on the RTHK staff. D of B advised that the delay in construction of the new BH had neither led to any morale problem nor any staff layoff.

13.14 Mr Charles MOK sought clarification on whether the allegation was true that RTHK charged different fees for productions sponsored by different institutions (i.e. Government Bureaux /Departments ("B/Ds") as well as non-governmental organizations) depending on the TV channels on which the programmes would be broadcast. D of B advised that the fees paid to RTHK by the institutions solely depended on the production costs of the programmes and were no way related to the broadcasting channels.

13.15 Mr MA Fung-kwok asked about the methodology adopted for the survey on digital audio broadcasting ("DAB") services and the work of the Digital Audio Broadcasting Steering Committee ("DABSC"). SCED advised that the listenership survey on DAB services was conducted by RTHK from August to September 2013. Among the pool of listeners who had listened to DAB services in the past seven days, the listening rate of RTHK's DAB channels was 41.7%. Permanent Secretary for Commerce and Economic Development (Communications and Technology) ("PS(CT)") added that in 2013-2014, DABSC held one working group meeting to discuss the relevant measures on publicity and promotion of DAB services. Members of DABSC also exchanged views through various channels, such as circulation of papers and email correspondence.

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Innovation and Technology

Proposal to set up the Innovation and Technology Bureau

13.16 Mr WONG Kwok-hing welcomed the Administration's proposal to set up the Innovation and Technology Bureau ("ITB") and regarded it as a step in the right direction. In this regard, Mr WONG and Mr Paul TSE enquired about the timetable for the establishment of ITB.

13.17 SCED advised that the Administration was proceeding with the work of setting up ITB, and would soon brief the relevant Panels on the proposal. Subject to the Panels' support, approval of the Establishment Subcommittee and the Finance Committee would be sought on the related staffing and financial proposals.

Research and development

13.18 Mr WONG Ting-kwong enquired about the setting up of the proposed Enterprise Support Scheme ("ESS") to provide funding support for research and development ("R&D") activities of private sector companies. He also enquired about the intellectual property rights of the R&D deliverables under the scheme. Mr Charles MOK enquired about the implementation timetable for the ESS.

13.19 Commissioner for Innovation and Technology ("CIT") advised that ESS would be set up to replace the Small Entrepreneur Research Assistance Programme ("SERAP") to encourage more private sector investment in R&D. On 18 March 2014, the Innovation and Technology Commission ("ITC") briefed the Panel on Commerce and Industry ("CI Panel") on the approach to implement ESS and obtained members' support of the proposed initiative. As the next step, the Administration would work on the implementation details of ESS, including setting up of assessment panels comprising technical experts, professionals, academics, industry players, etc., to assess the applications, and developing clear assessment criteria and sufficient checks and balance. The Administration would finalize the implementation details and aimed at consulting the CI Panel again before seeking the approval of the Finance Committee. CIT added that the intellectual property rights of the R&D deliverables would

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belong to the recipient companies.

13.20 Ms Emily LAU relayed the views of the SMEs that the funding ceiling of \$10 million under the ESS was too low. She enquired about the funding ceiling of similar schemes overseas. Ms LAU urged the Administration to expand the scope of ESS so that more SMEs would benefit from the Scheme. CIT advised that the funding ceiling of \$10 million under ESS was calculated on a project basis. Each applicant company could submit more than one applications at the same time under a common theme by making use of the cluster approach. The funding ceiling was also not low compared to similar schemes in other overseas jurisdictions.

13.21 Noting that the Hong Kong Science and Technology Parks Corporation ("HKSTPC") would continue to revitalize the three existing industrial estates in 2014-2015, Mr WONG Kwok-hing urged the Administration to take a more forward-looking approach and consider the development of the fourth industrial estate, so as to facilitate R&D in various fields, including Chinese medicines.

13.22 CIT advised that the Administration attached great importance to fostering the innovation and technology industries, and would continue to create an environment conducive to the development of innovation and technology, encourage investment in this area and enhance co-operation among the Government, industry, academia and research sectors. With this objective, ITC and HKSTPC were actively reviewing the effectiveness and long-term development direction of the Science Park and industrial estates. As regards the progress of efforts in promoting R&D of Chinese medicines, the Administration aimed to update the CI Panel on the subject in mid-2014.

13.23 Ir Dr LO Wai-kwok declared that he was a member of the Board of Directors of HKSTPC. He relayed the concern of the innovation and technology industry that there seemed to be no long-term policy for the development of the industry. He enquired about the Administration's policy in facilitating the development of innovation and technology in the long term.

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13.24 CIT responded that the Administration had earmarked sites at Wang Chau in Yuen Long and Lok Ma Chau for the development of innovation and technology. The Administration was working closely with the HKSTPC to implement the development of Science Park Phase 3 for completion in 2016. The Administration and HKSTPC were also reviewing the utilization and business models of the Science Park and industrial estates. HKSTPC would also engage overseas consultants to assist in this review.

13.25 Mr Martin LIAO enquired about the relatively high operating cost of the Nano and Advanced Materials Institute ("NAMI") vis-à-vis its R&D expenditure for 2013-2014 and 2014-2015, as compared to the other four R&D centres. CIT advised that the operating expenditure of the R&D centres covered not only administrative costs but also costs associated with marketing promotion, commercialization of R&D results, etc., (while R&D expenditure of the five R&D centres was supported by the Innovation and Technology Fund on the basis of individual R&D project.) The Administration conducted in 2011 a comprehensive review on the operation and overall performance of the five R&D centres in their initial five years of operation up to 31 March 2011 and reported the findings to the CI Panel. The overall performance of the R&D centres were generally satisfactory and continuously improving.

Digital 21 Strategy

Public sector information

13.26 Mr Charles MOK enquired about the public sector information released for public consumption in machine-readable digital formats by various B/Ds. Government Chief Information Officer ("GCIO") advised that since 2011, the Administration had made available public sector information for free-of-charge re-use through the portal Data One (data.one.gov.hk). So far, the portal had provided over 2 000 datasets under 15 categories.

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Mobile applications

13.27 Mr CHAN Chi-chuen enquired about the support provided by the Office of the Government Chief Information Officer ("OGCIO") to B/Ds in the development of mobile applications for e-government services, and the measures to improve the cost-effectiveness of the mobile applications. GCIO advised that OGCIO provided technical support and assisted B/Ds in launching mobile applications for delivering e-services. OGCIO would also provide funding support for the development of mobile applications by B/Ds for applications costing from \$150,000 to \$10 million. OGCIO regularly monitored the download rates, hit rates and transaction records of the mobile applications, and would advise B/Ds on measures to improve the usage rates of the mobile applications.

Government Wi-Fi services and broadband network

13.28 Mr WONG Ting-kwong enquired about the co-ordination work of the Government in providing Wi-Fi services at public places. GCIO advised that in establishing the Government Wi-Fi ("GovWiFi") services, OGCIO took a leading role in the programme co-ordination, management and support of the service. To facilitate private operators' roll-out of Wi-Fi networks, the Office of the Communications Authority ("OFCA") and OGCIO assisted the industry in resolving the technical and related problems of installing Wi-Fi equipment on lamp posts. OFCA and the Highways Department had since early 2013 conducted meetings with the operators regularly to review and streamline the approval process and installation requirements, so as to facilitate the operators to make use of lamp posts for the installation of Wi-Fi equipment.

13.29 Mr Charles MOK enquired about measures to enhance penetration rate of the broadband Internet access services in remote areas and the territory. DGC advised that OFCA had all along been committed to offering facilitation measures to encourage and assist operators to invest in network expansion, so as to enhance network coverage and access. OFCA would liaise with the relevant departments to facilitate the operators in this respect.

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Cloud Promotion Campaign

13.30 Noting that over 90% of Hong Kong's enterprises were small and medium enterprises ("SMEs") employing some 1.3 million people, Mr Martin LIAO asked whether the \$3 million earmarked by the Administration in 2014-2015 to launch a Cloud Promotion Campaign would be sufficient for encouraging SMEs to adopt cloud computing services. GCIO advised that the Cloud Promotion Campaign would mainly comprise training and promotional activities to encourage SMEs to adopt cloud computing services. The required staffing would be absorbed through internal redeployment and no additional resources were required.

Creative industries

Supporting film industry

13.31 Mr Martin LIAO enquired about the review on the way forward of the Film Development Fund ("FDF") and the Film Guarantee Fund ("FGF") as the means to support development of the local film industry. Mr LIAO also enquired about the way forward for FGF as the Administration had not received any new applications under FGF since July 2007.

13.32 SCED advised that while most of the applications had been diverted to FDF, FGF was retained as an alternative to FDF at the request of the industry. The Administration was reviewing, in consultation with the Film Development Council and members of the film industry, the way forward of FDF and FGF as the means to support development of the local film industry. The review was expected to be completed by mid-2014. The Administration would brief the Panel on Information Technology and Broadcasting on the findings of the review in due course.

Chapter XIV : Home Affairs

14.1 At the invitation of the Chairman, Mr TSANG Tak-sing, Secretary for Home Affairs ("SHA") briefed members on the priority areas of the Home Affairs Bureau ("HAB") with additional resources provided in the new financial year (Appendix IV-12).

Youth development

14.2 Noting that the Administration would provide an additional funding of \$10 million per annum for promoting multiple pathways for youths, Mr WONG Kwok-hing asked whether HAB would co-ordinate its work with other bureaux that had been undertaking similar work, such as the Education Bureau ("EDB"). SHA responded that the Chief Executive and the Chief Secretary would steer policy direction through inter-bureaux and inter-departmental coordination for youth-related initiatives set out in the Chief Executive's Policy Address 2014.

14.3 Mr IP Kin-yuen and Mr CHEUNG Kwok-che pointed out that EDB had also been providing career guidance and life planning education, and sought information on the division of labour between HAB and EDB. SHA advised that there would be a division of labour between the two bureaux. While EDB would be responsible for providing career guidance service and life planning education in schools, HAB would provide funding support to non-governmental organizations ("NGOs") to organize life-planning activities in schools, and to carry out publicity campaigns in the community.

14.4 Mr CHEUNG Kwok-che expressed concern about the adequacy of the proposed budget of \$10 million and enquired about the programmes to be organised by NGOs. SHA advised that if the funding proposal was approved by the Finance Committee of the Legislative Council, interested NGOs would be invited to submit their service plans to apply for the funding. Deputy Secretary for Home Affairs (1) ("DSHA1") added that the invited NGOs were expected to initiate a wide range of activities for youths, such as meeting with business people and alumni, visiting workplace and participating in business mentorship programme, etc.

District administration

14.5 Mr WONG Kwok-hing and Miss CHAN Yuen-han expressed support for the proposal of providing a total of \$10 million for the pilot scheme in Sham Shui Po and Yuen Long that empowered District Officers ("DOs") to tackle the problems involving management and environmental hygiene of public areas. Mr WONG sought information on how the decision-making power of DOs would be enhanced and why the Administration suggested hiring additional non-civil service contract staff instead of permanent staff to support the scheme.

14.6 SHA explained that the objective of the pilot scheme was to explore how to more effectively implement the concept of "addressing district issues at the local level and capitalizing on local opportunities". In addition to the \$10 million provided for the two districts, all government departments concerned would be informed of the scheme so that DOs in the two districts could exercise additional decision making power in tackling district issues involving the management and environmental hygiene problems of some public areas. Upon completion of the pilot scheme, the Administration would conduct a review on whether the scheme should continue, and if so, the required staffing requirements.

14.7 In response to Miss CHAN Yuen-han's concern about the adequacy of \$10 million for DOs to address district issues, Permanent Secretary for Home Affairs ("PSHA") said that the relevant DOs would be provided with additional manpower for addressing the work priorities set by the District Management Committees.

14.8 Noting that the Government would increase the expense reimbursements for District Council ("DC") members starting from 2014, Mr TANG Ka-piu urged the Administration to consider setting aside a fund for providing end-of-contract gratuity payments for staff employed by DC members. SHA responded that the Administration would take into consideration Mr TANG's suggestion in its review of the honorarium arrangement for DC members for the next DC term.

14.9 Ms Emily LAU Wai-hing and Dr Helena WONG expressed grave concern about the recent handling of the funding for Basic Law promotion activities of the Central and Western DC, and urged the Administration to

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handle the applications for the funding of DC projects openly and fairly as it involved public money. Director of Home Affairs ("DHA") advised that DCs and their committees had their own Standing Orders and operating procedures for conducting their business. The Standing Orders of DCs set out the system for declaration of interests. In considering and approving funding proposals, DCs would ensure openness, transparency and accountability for the use of public money.

Civic education

14.10 Noting that the proposed budget for promoting national education outside schools would increase to \$47.6 million in 2014-2015 over the previous year, Mr IP Kwok-him enquired how the increase could effectively enhance the promotion of national education. DSHA1 said that additional funding would be provided for the Funding Scheme for Youth Internship in the Mainland and the Community Participation Scheme for Organising Study Tours to the Mainland. The two funding schemes would support community organisations to offer more internship and exchange opportunities in the Mainland for youths. With the additional funding in 2014-2015, the Administration estimated that the total number of youth beneficiaries would increase by over 50%.

14.11 Mr IP Kin-yuen sought further information on the implementation of the Community Participation Scheme for Organizing Study Tours to the Mainland. DSHA1 advised that the scheme would be open to applications from schools and community organizations, and the application guidelines were uploaded to the official website of the Commission on Youth. Reimbursable expenses included expenses for accommodation, meal, travel expenses, etc., and are subject to a daily maximum amount of sponsorship per participant. Upon completion of the activities, the successful applicant organizations would be required to submit the activity report, financial report and auditor's report, etc. At the request of Mr IP Kin-yuen, the Administration agreed to provide detailed information on the maximum daily sponsorship after the meeting.

(Post-meeting note: The Administration subsequently provided the information in the reply serial no. S-HAB02 to the oral question serial no. SV011 that the ceiling of daily sponsorship to each eligible participant in 2013-14 was \$450 for places outside

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Guangdong Province and \$205 for places in Guangdong Province. The daily sponsorship could cover expenses incurred by joining the tour, e.g. air-passage, train, accommodation, meals, local transportation, etc.)

Building management

14.12 Mr WU Chi-wai, Mr CHAN Chi-chuen, Mr CHAN Kin-por and Mr TSE Wai-chuen expressed similar views that the Administration should provide more resources for building management duties in districts so as to address the increasing demands in the community adequately.

14.13 In response to Mr WU Chi-wai's suggestion that the Administration should provide additional manpower for the liaison work with owners' corporations ("OCs"), DHA said that the number of liaison officers responsible for building management had increased from 110 to 120 over the past five years. The Administration also improved the work of building management through a number of measures such as redefining the work priorities and streamlining work procedures.

14.14 Expressing concern about syndicated bid-rigging in the tendering exercises for building maintenance works of some residential buildings, Mr CHAN Chi-chuen questioned whether there would be adequate staff support for the "AP Easy" Building Management Advisory Service Scheme as the estimated expenditure was only \$0.4 million.

14.15 SHA replied that the Administration was also concerned about the problem of bid-rigging in securing contracts for major maintenance projects of some buildings. The relevant law enforcement departments had stepped up their efforts to tackle the problem. DHA explained that one of the major objectives of the "AP Easy" Building Management Advisory Service Scheme was to assist participating OCs to commission suitable consultants/authorized persons to carry out maintenance works, which should help these OCs avoid the problem of bid-rigging. Under the Scheme, members of the Hong Kong Institute of Surveyors, the Hong Kong Institute of Engineers and the Hong Kong Institute of Architects would form expert teams to offer free, tailor-made and professional advice and support to participating OCs in respect of drafting tender and contract documents and analyzing the tenders. As these expert teams served on a pro bono

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basis, the Home Affairs Department could undertake the Scheme through internal redeployment of staff with the support of a part-time Executive Assistant. After one year's operation of the Scheme, the Administration would conduct a review and consider whether additional resources were required.

14.16 Mr TSE Wai-chuen sought details on the Building Management Professional Advisory Service Scheme ("BMPASS") and the Resident Liaison Ambassadors Scheme. DHA advised that BMPASS would provide services for the "three-nil" buildings (i.e. buildings which did not have an OC or any form of owners/residents organizations or engage a property management company) and other old buildings. Phase 1 of BMPASS had provided services for some 1 250 buildings in 2011-2014, and the current proposal for Phase 2 was intended to provide services for another batch of 1 200 old buildings. As regards the Resident Liaison Ambassadors Scheme, more than 1 000 ambassadors had been recruited in some 500 old buildings after one year's implementation, and the Administration expected to recruit a similar number of ambassadors in the coming year.

14.17 Mr IP Kwok-him noted that the Administration proposed to allocate \$19 million for Phase 2 of BMPASS, and was worried that the funding might not be adequate for providing services for 1 200 buildings. DHA advised that the Scheme was expected to operate for three years, with an annual budget of \$19 million and the total budget of \$57 million.

Leisure and cultural services facilities

14.18 Expressing support for the Administration's proposed sports facility projects in Sha Tin and Tuen Mun, Mr TANG Ka-piu urged the Administration to expedite the provision of sports facilities in other districts. SHA said that the Administration had been continuously looking for suitable sites to build sports facilities to meet the needs of local community in accordance with the standards of the provision of sports facilities laid down in the Hong Kong Planning Standards and Guidelines. In response to Mr TANG's enquiry about whether the Administration had any plans to build a new zoological garden in Hong Kong, Director of Leisure and Cultural Services ("DLCS") advised that the Leisure and Cultural Services Department ("LCSD") had no such plan at present. However, LCSD had engaged a consultant to study and recommend the necessary renovation

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works for revitalizing the Hong Kong Zoological and Botanical Gardens and the species of plants or animals that could be introduced to the Gardens.

14.19 In response to Mr WU Chi-wai's enquiry about whether the Administration had plans to build an additional small library in the Wong Tai Sin District, DLCS explained that the purpose of providing small libraries was to supplement the network of major and district libraries. In considering whether additional small libraries should be provided, the Administration would take into account a number of factors, including the geographical distribution and utilization of the existing libraries in the vicinity. Given that there were several district and small libraries in the Wong Tai Sin District, the Administration had no plan to provide another small library therein at the moment. However, it would review the need for such taking into account the future population growth in the District.

14.20 Mr LEUNG Chi-cheung enquired about the reason for LCSD's plan to convert 10 natural turf football pitches to third generation artificial turf football pitches from 2011 to 2016. DLCS responded that the conversion plan could increase the number of available sessions of football pitches, as a third generation artificial turf pitch could be used much more frequently than a natural turf. Mr LEUNG pointed out the disadvantages of artificial turf for football pitches, including high maintenance cost, higher temperature on the turf surface and seawater pollution by plastic materials washed out from the turf. DLCS assured members that the Administration had put in place various measures to solve or prevent these problems.

Sports development

14.21 Dr Kenneth CHAN and Dr KWOK Ka-ki expressed dissatisfaction about the Administration's sports development policy, and sought information on the Administration's plan for monitoring and enhancing the corporate governance of the "national sports associations" ("NSAs"). SHA advised that LCSD had already required NSAs to upload information on the athlete selection criteria and process and the latest audited financial statements in relation to subventions onto their official websites. In response to Dr Kenneth CHAN's suggestion of expediting the provision of winter sports facilities, SHA said that the Administration would explore ways to provide such facilities, and might consider providing such facilities in the Multi-purpose Sports Complex at Kai Tak.

14.22 Noting that the Administration had plans to conduct study on the implementation and operation of the Multi-purpose Sports Complex at Kai Tak, Mr MA Fung-kwok was of the view that in the light of public concern over various issues related to sports development, the Administration should consider conducting study on sports-related topics such as the corporate governance of NSAs, mechanisms for selection of athletes and provision of sports facilities. In response to Mr MA's enquiry about how the community organizations could apply for funding support for carrying out studies on sports-related topics, SHA said that the Administration would need to consider the issue from the perspective of public interest and whether such studies could contribute to the Administration's sports policy objectives and could meet certain requirements and standards.

14.23 Miss Alice MAK questioned that the Administration had not put adequate resources in the promotion of sports in the community. SHA said that the Administration had all along been promoting sports development in Hong Kong, including the development of a strong sporting culture in the community and the achievement of greater excellence by elite athletes. Relevant work had been undertaken by various bodies including LCSD and the Hong Kong Sports Institute. While LCSD had been promoting community sports through providing public sports facilities and funding support to various sports associations and training programmes, the Hong Kong Sports Institute had been responsible for elite sports training. In response to Miss MAK's concern about the progress made by NSAs in establishing athlete selection mechanisms, DLCS said that as at the end of March 2014, all 58 NSAs had already uploaded the information on athlete selection mechanisms onto their official websites.

Arts and culture

14.24 Mr MA Fung-kwok expressed concern over the difficulty of operators of cultural and creative industries encountered when they sought assistance and support from the Administration. Miss CHAN Yuen-han also questioned that the Administration did not provide enough support for the development of arts and culture, and that the Western Kowloon Cultural District might not provide adequate performance venues for local arts groups. SHA said that HAB would endeavor to maintain contact with operators of the cultural industry. Permanent Secretary for Home Affairs

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supplemented that HAB had been co-ordinating its work with the Commerce and Economic Development Bureau for supporting the cultural and creative industries, and that the Administration had been undertaking to provide more venues for local arts groups.

Legal aid

14.25 Noting that cases assigned to the top 50 counsel and solicitors of the Legal Aid Panel accounted for more than 40% of the total number of assigned-out legal aid cases in 2013-2014, Mr Frankie YICK Chi-ming expressed concern that the high concentration of assigned-out cases might increase the risk of champerty. In reply, SHA said that the Legal Aid Department ("LAD") had been working with the Independent Commission Against Corruption to study measures to guard against champerty. Director of Legal Aid ("DLA") added that LAD had put in place a mechanism to avoid over-concentration of the assigned-out cases, particularly for cases involving personal injury/death claims. He also pointed out that section 13 of the Legal Aid Ordinance (Cap. 91) provided that where a legal aid certificate was granted, DLA might act for the aided person through legal aid counsel or assign any lawyers in private practice who were on the Legal Aid Panel selected by either the aided person if he so desired, or DLA. The effect of section 13 of the Legal Aid Ordinance was such that the legal-aided person's nominations should be given due weight and should not be rejected unless there were compelling reasons to do so.

14.26 Mr CHAN Kin-por shared the view of Mr Frankie YICK Chi-ming and enquired whether sufficient manpower was provided for LAD to monitor the performance of private practitioners of assigned-out cases. He also sought information on the reason for LAD to discontinue the legal aid for 827 cases in 2013.

14.27 DLA assured members that there was sufficient manpower for monitoring the performance of private practitioners of assigned-out cases. To avoid unnecessary delay of cases, LAD had set clear guidelines for lawyers on the Legal Aid Panel and required assigned lawyers to report the progress of and expenses incurred in the cases they handled periodically. As regards the discontinued cases, DLA explained that most legal aid cases were provided on the basis of limited legal aid certificates which confined the work that could be carried out up to a certain stage of the proceedings.

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LAD would review the merits of and the costs incurred by these cases periodically to ensure that the continued provision of legal aid was justifiable, and legal aid would be discontinued when such provision was no longer justifiable.

14.28 Mr Dennis KWOK expressed concern that legal aid was not provided for some criminal cases for appeal to the Court of Appeal. DLA advised that applications for legal aid for appeal would be subject to the "merits test" which was to determine whether an applicant had an arguable case and whether the grant of legal aid to an applicant was desirable in the interest of justice. However, even when legal aid was refused on merits, the judge hearing the appeal might still grant legal aid provided that the applicant was eligible on means test.

Unlicensed guesthouses

14.29 Mr YIU Si-wing asked whether there was adequate manpower in the Home Affairs Department for effective control on unlicensed guesthouses. SHA said that, despite a modest increase in the manpower for inspection and enforcement of the Hotel and Guesthouse Accommodation Ordinance (Cap. 349) over the past three years, the number of enforcement actions and prosecutions against unlicensed guesthouses had increased significantly as the Administration had spared no effort in combating and raiding unlicensed guesthouses. DHA added that the Administration had recruited frontline officers with law enforcement experience, adjusted its enforcement strategies and employed different enforcement tactics flexibly so as to effectively regulate unlicensed guesthouses. In reply to Mr YIU's further enquiry, DHA said that the Administration would lodge appeals against cases that warranted penalty review taking account of legal advice given by the Department of Justice.

Support for ethnic minorities

14.30 Expressing concern about the adequacy of the provision of interpretation services for ethnic minorities, Ms Claudia MO urged the Administration to provide more such services to facilitate ethnic minorities to access services of public hospitals as well as clinics and to apply for public housing.

Private sports clubs operated under Private Recreational Leases

14.31 Miss Alice MAK noted that private sports clubs operating on lands granted under Private Recreational Leases whose leases had been renewed since 2011 were required to make a minimum number of hours available to schools, social welfare organizations and other bodies. She enquired about the Administration's measures for ensuring compliance by these private sports clubs with the requirements. Deputy Secretary for Home Affairs (2) said that these private sports clubs were required to submit quarterly reports on the utilization of their sports facilities, in particular by non-member organizations such as schools and social welfare organizations. The Administration would also conduct random checks on the accuracy of the reports and take action upon receiving complaints.

Chapter XV : Housing

15.1 At the invitation of the Chairman, Prof Anthony CHEUNG, Secretary for Transport and Housing ("STH") briefed members on the financial provisions and the Government's major initiatives on housing in the 2014-2015 financial year (Appendix IV-13).

Provision of public housing

Public rental housing

15.2 Mr TAM Yiu-chung pointed out that the Administration's work on rezoning Government, Institution or Community ("GIC") sites in various districts for residential use had met with the strong views of the local communities who were concerned about the impact brought about by an increased population density with reduced community facilities. He asked what the Administration would do to alleviate their concerns. STH replied that various bureaux and departments had been working together closely to ensure that rezoning plans would not affect the provision of infrastructures or community facilities, and to consult the relevant stakeholders with a view to securing their support for new housing developments. Mr TAM said that senior officials were often reluctant to attend public consultation sessions and asked whether consideration would be given to issuing guidelines on officials' attendance. STH responded that there were regular meetings among him, Secretary for Development and Secretary for the Environment to strengthen inter-departmental co-ordination and communication. He undertook to convey Mr TAM's concerns to other Directors of Bureaux.

15.3 Dr Priscilla LEUNG asked how the Administration would ensure that ventilation and the harbourfront in Sham Shui Po would not be compromised as a result of the public housing developments in that area. STH responded that while the density of the district would inevitably be raised due to the housing developments, efforts would be made to optimize the design of the projects to minimize the impact to the environment as far as practicable.

15.4 Dr Joseph LEE referred to the districts at which public rental housing ("PRH") would be provided between 2013-2014 and 2017-2018, and enquired about the number of and the reason for existing units being left unoccupied in those districts. Deputy Secretary for Transport and Housing (Housing) ("DS(H)") responded that upon deduction of the units reserved

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for various transfer exercises, an annual average of about 7 000 units were recovered for allocation to applicants on the waiting list. Regarding Dr LEE's question on whether the average waiting time ("AWT") of applicants would be shortened with more than 100 000 PRH units coming on stream in the coming years (with about 81 600 new units from 2013-14 to 2017-18 and about 28 000 recovered units), STH replied that it remained the Administration's target to maintain the AWT target at around three years for general applicants on WL. However, given the increasing number of applicants and the lead time required to make available new units, the Hong Kong Housing Authority ("HA") would face tremendous challenges in maintaining the AWT target.

15.5 Mr Tony TSE said that given the increasingly heavy work of Government Architects, the Administration should ensure that the Housing Department ("HD") was appropriately staffed with Architects and Landscape Architects to meet an increased production target and a higher expectation on greening. Deputy Director of Housing (Development & Construction) ("DD of H(D&C)") advised that the number of Architect and Landscape Architect posts would be increased to meet the increased housing production target. STH added that the manpower increase for HD was higher than that of other departments in view of the importance of and priority accorded to housing developments. At the request of Mr TSE, STH agreed to provide information on the increase in the number of Architects and Landscape Architects in HD over the past three years.

15.6 Mr WU Chi-wai asked whether the Administration would accede to the request of some districts for scaling down the scope of housing developments with a view to securing their support for the projects. STH acknowledged that increased housing production would inevitably cause inconvenience to the local communities, and the Administration would strive to minimize such impact. It would also continue to actively explore all feasible ways to optimize the development potential of available public housing sites and explore ways to increase housing production by relaxing plot ratio and building height restrictions without compromising the living environment.

15.7 Mr LEUNG Kwok-hung expressed concern that some developers had been hoarding land and deferring development projects. He called on the Administration to consider resuming land which had been hoarded by developers for more than two years for public housing development. STH

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responded that land use was subject to various considerations, such as ownership and town planning. The Administration would endeavour to make the best use of the scarce land resource available.

Home Ownership Scheme

15.8 Mr TANG Ka-piu said that he was given to understand that a team of site supervisory staff in HD responsible for overseeing the works and quality of Home Ownership Scheme ("HOS") flats was dismissed upon cessation of HOS flat production. He asked if HD would consider setting up the team again as some 80 000 HOS flats were expected to come on stream in the coming 10 years. DD of H(D&C) explained that there was a team of site supervisory staff in HD's Development and Construction Division to oversee the production of both PRH and HOS flats. Manpower of the team would be increased as appropriate to meet the increased housing production target. In response to Mr TANG's question on when the first batch of new HOS flats would be put up for sale and the price level, STH advised that the first batch of about 2 200 new HOS flats were expected to be completed in 2016-2017, and pre-sale was scheduled for the end of 2014. HA would have regard to a host of factors, including affordability of target households, in setting the price level of the new flats.

15.9 Pointing out that in the urban area, HOS developments were generally more acceptable to the local communities than PRH, Mr IP Kwok-him asked if the Administration would consider adjusting upward the production of HOS flats in the urban area. He was also of the view that provision of HOS flats would be conducive to balancing the finance of HA and enabling the upward mobility of PRH tenants as they bought their own flats. STH responded that as announced by the Chief Executive in the 2014 Policy Address, the Government had adopted the total housing supply target of 470 000 units for the coming 10 years, with public housing accounting for 60% (consisting of about 200 000 PRH units and about 80 000 HOS units). In view of the large number of applicants currently on WL, it was undesirable to reduce PRH production. The resumption of the production of HOS flats at a rate of about 8 000 units per year was in fact a significant improvement compared with the past.

15.10 Mr WU Chi-wai was disappointed that the Administration had made no concrete response to his repeated requests for allowing owners of some 300 000 HOS flats with premium not yet paid to let out their flats in

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order to immediately increase the supply of housing in the market. STH explained that HOS flat owners were not allowed to sublet their flats before paying the premium under the existing legislation. Legislative amendments were necessary if Mr WU's proposal was to be taken forward. The Administration was in the process of formulating the Long Term Housing Strategy ("LTHS") for release by end of 2014 and it would give the proposal further thought.

15.11 Mr KWOK Wai-keung expressed concern that the progress made in the supply of HOS flats was unsatisfactory, as there would only be a total of about 6 000 HOS flats scheduled for completion within the five years from 2013-2014. He asked how HA would meet the public housing production target of 280 000 in 10 years' time, especially under the tight supply of construction manpower. STH acknowledged the upcoming challenges arising from an increased supply target of HOS flats at an annual average of about 8 000 units and a shortage of construction manpower. He said that HA would continue to closely collaborate with relevant bureaux and departments in identifying more land and providing trained construction workers to meet the increased production target.

15.12 Miss CHAN Yuen-han said that the Hong Kong Federation of Trade Unions had all along advocated a ratio of 70:30 as opposed to 60:40 as the public/private split for the housing supply in the next 10 years. She had reservation on whether the Administration would stick to the housing supply target as it seemed to her that the Government's housing policies had often changed in response to the pressure of private developers. The "Hong Kong Property for Hong Kong People" measure which had been put on hold as well as the supply of HOS flats which fell behind the schedule were cases in point. STH explained that while the Administration had proceeded with the identification of land resource for public housing development in full swing, the progress was inevitably affected by the opposition of some stakeholders to the projects. He assured members that the Administration was committed to meeting the public housing production target which had been officially announced in the 2014 Policy Address.

Financial resources of the Hong Kong Housing Authority

Meeting the new public housing production target

15.13 Mr Vincent FANG said that in achieving the public housing

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production target for the coming 10 years, the Administration would face challenges arising from the shortage of construction manpower, HA's financial constraints, and the lack of public support for rezoning over 150 hectares of Green Belt sites and GIC sites in various districts for residential use. He asked how HA would finance the production of 280 000 units involving some \$200 billion given its current fiscal reserve of only about \$68 billion, and whether it would raise fund by selling assets. Expressing similar concerns, Mr IP Kwok-him commented that the Administration should ensure that HA was given the necessary resources to take forward the housing projects.

15.14 Noting that the unit production cost of public housing had soared to about \$1.2 million, Mr Kenneth LEUNG was concerned that it would escalate further in the future. He pointed out that according to the Report of the Working Group on Long-Term Fiscal Planning, HA could face a funding shortfall of \$31 billion at the beginning of 2019-2020 and require a funding in the range of \$29 billion to \$82 billion every three years thereafter. Mr LEUNG asked if HA would analyze its financial feasibility in meeting the public housing production target for the coming 10 years and develop a strategy to increase investment return of its fiscal reserve.

15.15 STH replied that the unit production cost of public housing ranged from about \$700 000 to about \$1.2 million currently, depending on district and site conditions. The rental level of HA's PRH estates was set with reference to tenants' affordability and not the cost of production. Rent was reviewed every two years and capped at 10% should there be an increase. HA had no plan to sell its assets. It would make the best use of its PRH resources, continue to enhance its cost-effectiveness, and strengthen the financial sustainability of its mode of operation. To this end, it would conduct an assessment of the additional resources required for meeting the new housing production target and embark on detailed discussion with the Administration. Deputy Director of Housing (Corporate Services) advised that HA's investment strategy aimed to ensure sufficient liquidity to meet the operational need with the rest of HA's funds put into longer-term investments in a prudent and diversified manner to enhance long-term return, such as the principal protection placements with the Exchange Fund, global bonds and bank deposits, etc.

15.16 In reply to Mr Vincent FANG's enquiry, STH advised that HA would consider providing retail space at the street level of new housing

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developments to allow small and medium enterprises to conduct business.

Tenants Purchase Scheme

15.17 Mr LEUNG Che-cheung asked if HA would consider relaunching the Tenants Purchase Scheme ("TPS") to finance the upcoming housing projects. STH explained that TPS was introduced in 1998 to enable PRH tenants to buy the flats in which they lived at a discounted price. Of the 39 estates with TPS implemented, more than 60% of flats had been sold. However, HA had encountered many problems with the management of the remaining PRH flats in the 39 TPS estates. HA's estate management policies could not be fully implemented in these TPS estates, resulting in PRH tenants living in TPS estates and those living in non-TPS estates being subject to different management regimes. Although HA had no plan to relaunch TPS in other PRH estates, tenants of the 39 TPS estates could still opt to buy the PRH flats in which they were living.

15.18 On Mr Paul TSE's question on whether consideration would be given to encouraging sitting PRH tenants in the 39 TPS estates to move to non-TPS estates with a view to facilitating the management of the TPS estates, STH replied that HA would continue to look for feasible ways to improve the management of TPS estates.

Rental control and rent subsidy

15.19 Dr Priscilla LEUNG requested the Administration to consider granting rent subsidy to relieve the rental burden of those who had been on WL for more than three years and the "poor middle class" who were ineligible for PRH but could not secure a property of their own and hence had to bear high rentals. She also urged the Administration to address the housing needs of young couples. STH responded that as revealed in the LTHS Report on Public Consultation, there were concerns that any rent assistance introduced in a tight supply market would be counter-productive, as the subsidy would most likely lead to upward pressure on rental levels, thereby partially or even wholly offsetting the benefits to the tenants by passing the windfall to the landlords.

15.20 Mr WONG Kwok-hing commended the Administration's efforts to kick-start the formulation of LTHS and set out the housing production target for the coming 10 years. In view of the long lead time for housing

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production and the large number of applicants on WL, he urged the Administration to study the feasibility of introducing rental control and providing rent subsidy or tax concession for those on WL to relieve their pressure of soaring rentals for private housing. Relaying the difficulties faced by low-income families who were ineligible for PRH and thus had to bear soaring rentals for private housing, Miss CHAN Yuen-han urged the Administration to reinstate rental control to relieve their rental burden.

15.21 STH responded that the Administration was aware of the concerns of the community on the high rentals for private housing. However, rental control might not be able to achieve the outcomes members intended because it might reduce the supply of rental flats and end up pushing up the rental level. Moreover, there were divided views on rental control in the community. Hence, the Administration would not act hastily. He undertook to convey Mr WONG Kwok-hing's suggestion on the introduction of tax concession to the Financial Secretary.

15.22 Mr LEUNG Yiu-chung commented that the Administration should not evade from the discussion of reinstating rental control despite the divided views on the matter. He suggested setting up a task force consisting of representatives from all stakeholders to conduct a comprehensive review on the matter. STH responded that the LTHS Steering Committee ("the Steering Committee") had a thorough discussion on the issues relating to rental control in preparing the LTHS Consultation Document. The Census and Statistics Department had also been tasked to conduct an analysis on the subject matter and the relevant information would be presented to the Legislative Council Panel on Housing when the issue was discussed at its meeting in June/July 2014.

15.23 Mr Paul TSE considered that overseas experience in implementing rental control might not be applicable to Hong Kong as it had its own problems associated with the regulatory regime in the past, such as perception of free market operations being intervened, reduced supply of rental units and landlords encountering difficulties in resuming leased properties. Mr LEUNG Kwok-hung said that he was opposed to Mr TSE's views. He pointed out that control measures were necessary if the property market could not find its own balance.

15.24 Dr Fernando CHEUNG was concerned that a large number of low-income families were forced to live in subdivided units ("SDUs"), the

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rentals of which had taken up almost one-third of their monthly household income. He criticized the Administration for ruling out all possible solutions for the pressing housing issues, and requested the Administration to consider implementing rental control and providing rent subsidy to tenants of SDUs as a transitional arrangement before the new public housing units were available.

15.25 Mr Alan LEONG said that in response to Members' concern on the removal of security of tenure for tenants of private housing when rental control was abolished in 2003, the Administration had assured Members that tenants would be protected by the provision of interim housing as a safety net. As it transpired, however, the safety net of social welfare had proven to be ineffective in providing protection to those in need. Pointing out that the public was not requesting the indiscriminate reinstatement of rental control for all kinds of tenancies, he asked if the Administration would consider reinstating rental control only for SDUs and the properties below a specific ratable value.

15.26 STH reiterated that given the controversies on the matter, any alternative proposal to full implementation of rental control or rent subsidy should be considered carefully as otherwise it might trigger another spate of contentions. The Administration would continue to adopt a supply-led strategy and it remained the Administration's target to maintain AWT at around three years for general applicants on WL.

15.27 Mr Alan LEONG drew the Administration's attention to cases where SDU tenants were requested by the landlords to pay utility charges on a unit basis, and sought clarification on whether it was illegal to do so. STH responded that regulation of the above terms and conditions would be made possible by the licensing of SDUs, but the Administration would need to examine the licensing proposal further given the diverse views received.

Redevelopment of aged public rental housing estates

15.28 Mr SIN Chung-kai sought elaboration on the redevelopment programme for Wah Fu Estate and asked whether the affected residents would be notified individually five years prior to the actual redevelopment, as in the case of the Comprehensive Redevelopment Programme. DD of H(D&C) responded that five sites in Pokfulam South would be developed to provide public housing and rehousing resources for the redevelopment of

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Wah Fu Estate at the same time. The Administration would first conduct technical studies at Wah Fu Estate as well as the five sites and then rezone , prioritize the sites for redevelopment and consult the relevant stakeholders before formally announcing the redevelopment projects. STH added that all redevelopment projects, including the Wah Fu case, would be announced at least three years prior to the actual redevelopment so that the affected residents could prepare early.

15.29 Noting that HA had recently completed a review of the redevelopment potential of 22 aged PRH estates, Mr LEUNG Yiu-chung urged HA to take forward the redevelopment of these estates expeditiously as maintenance would no longer be cost-effective.

15.30 Mr Frederick FUNG said that he had previously suggested that HA should redevelop some 30 estates throughout the territory with low-rise buildings and hence high build-back capacity. While agreeing that launching redevelopment projects in all aged estates in one go would not be feasible, he held the view that HA should kick-start the redevelopment of aged estates where rehousing resources would soon be available in their vicinity, such as Nam Shan Estate, Shek Kip Mei Estate, Choi Hung Estate and Wo Lok Estate. Miss CHAN Yuen-han echoed Mr FUNG's view.

15.31 STH advised that in examining the redevelopment potential of an aged estate, HA would take into consideration the findings on structural safety and cost-effectiveness in repair works, the build-back potential and availability of suitable rehousing resources. Availability of rehousing resources alone might not be able to determine a redevelopment plan. HA would conduct a series of technical studies, plan for the provision of ancillary facilities, and consult the residents and stakeholders concerned. Considering the resources and time required, it was impossible for HA to redevelop all the 22 aged estates at the same time. Using the rehousing resources would also have implications on the applicants on WL. HA would make announcement on a particular redevelopment project only when concrete redevelopment parameters were available.

Other concerns

15.32 Mr WONG Kwok-hing considered that there was a need for the Steering Committee and its secretariat to continue operation in order to respond timely to the latest market situation even though they had published

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the LTHS Report on Public Consultation. STH explained that similar to the previous arrangement, there was no need for the Steering Committee and its secretariat to continue operation as their work had completed. With the creation of a Special Duties Unit under HD, the Administration would formulate the LTHS and relevant policy measures with reference to the findings of the LTHS Report on Public Consultation.

15.33 Mr LEUNG Che-cheung expressed concern on the possibility of large-scale land resumption in Northeastern New Territories for new housing developments in the future. He sought elaboration on the policy on rehousing occupants affected by clearance operations. DS(H) explained that clearance operations were conducted by the Lands Department and the Buildings Department. HD would closely coordinate with the two departments to reserve the appropriate type and amount of public housing units for rehousing purpose.

15.34 Mr Paul TSE urged the Administration to follow up a case, as reported in the news, of a charitable organization's running profit-making hostels on land lots granted by the Government and to ensure the proper use of scarce land resource. Director of Lands responded that the Lands Department would contact the relevant bureaux to examine the purpose as well as the terms and conditions of the private treaty grant concerned, and would take follow-up actions as appropriate.

Chapter XVI : Transport

16.1 At the Chairman's invitation, Prof Anthony CHEUNG, Secretary for Transport and Housing ("STH") briefed members on the main initiatives and expenditure on the policy area of transport (Appendix IV-14).

Land transport

Railway services and fares

16.2 Mr WONG Kwok-hing was dissatisfied that in spite of its huge profits in 2013, the MTR Corporation Limited ("MTRCL") still sought to increase fares in 2014 according to the Fare Adjustment Mechanism ("FAM"). He proposed that the fare increase should be shelved. He also expressed dissatisfaction over the Administration's performance in monitoring railway services given the frequent railway incidents and the over-crowded situation at station platforms and inside train compartments. In this regard, he asked if the Administration had any improvement measures to solve the aforesaid problems.

16.3 STH explained that as part of the rail merger deal, the Government had entered into an Operating Agreement with MTRCL governing the operation and fare adjustment of MTR services. The existing FAM was laid down in the Operating Agreement and as such any fare adjustment should be implemented in accordance with the outcome of the FAM formula.

16.4 STH further said that in 2013, the Government and MTRCL had completed a five-yearly review on FAM and that according to the new FAM formula which continued to be linked to the changes in Composite Consumer Price Index and Nominal Wage Index (Transportation Section), the increased value of the Productivity Factor from 0.1% to 0.6% would ensure that any fare increase would generally not exceed the increase in inflation. Moreover, an affordability cap was introduced whereby any fare increase rate would not be higher than the change in the Median Monthly Household Income for the corresponding period. Besides, a profit sharing mechanism was introduced to enable MTRCL to share its yearly profits with passengers. STH further stated that under the service performance

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arrangement, a fine would be imposed on MTRCL for serious service disruptions of 31 minutes or above. The proceeds of profit sharing and the fine imposed would be returned to passengers through the "10% Same Day Second Trip Discount" scheme.

16.5 Director of Electrical and Mechanical Services supplemented that the Electrical and Mechanical Services Department ("EMSD") had spared no effort in monitoring the safety of railway operations. He said that railway-related incidents had decreased from about 800 in 2011 to around 670 in 2013. Incidents occurred on railway premises had also recorded a drop from about 1 900 in 2011 to about 1 500 in 2013. He undertook that EMSD would continue to keep up its effort in monitoring railway safety.

16.6 Mr CHAN Kam-lam pointed out that both the railway network and roads in Hong Kong had reached the point of saturation. While the over-crowdedness of trains might be solved by the commissioning of new lines such as the Shatin to Central Link and other railway extensions in the coming years, he considered that short-term measures should be taken to relieve the problem. He also urged the Administration to allocate more resources to expedite the planning and implementation of major trunk road projects to relieve traffic congestion on roads.

16.7 STH advised that the Administration had been communicating with MTRCL on measures to improve service performance and relieve crowdedness in train compartments. In late March 2014, MTRCL had announced that it would enhance its service by providing some 300 additional train trips per week. In addition, MTRCL would be adding about 300 platform assistants in 2014 to facilitate smooth boarding and alighting of passengers. Apart from the above, the Administration had also requested MTRCL to purchase additional trains to meet passenger demand. He drew members' attention to that train frequency was constrained by MTRCL's signalling system.

16.8 Director of Highways ("DHy") supplemented that the Highways Department ("HyD") had been striving to complete the trunk road projects in a timely manner. It had contracted out some of the projects to

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consultancy firms with a view to speeding up the implementation process.

16.9 Ms Emily LAU and Mr CHAN Chi-chuen also expressed grave concern over the over-crowdedness of railway stations and train compartments. They urged the Administration to implement measures to promptly address the problem. Ms LAU queried why fare concessions were offered for some Mainland visitors as it would boost patronage and aggravate the problem.

16.10 STH said that to relieve the high loading situation during peak hours, apart from enhancing the carrying capacity of trains, MTRCL was also studying the feasibility of other measures which included an early-bird scheme to divert passengers to use MTR during off-peak hours. In addition, the Transport Department ("TD") was also studying the feasibility of setting up new bus routes to facilitate passenger diversion during peak hours. As regards the fare concessions offered to some Mainland visitors, STH undertook to reflect Ms LAU's concern to MTRCL.

Bus services

16.11 Mr SIN Chung-kai noted that under the bus route rationalization plan, a number of bus routes had been cancelled and frequencies of some bus routes had been reduced. In his view, the resources so saved should be redirected to establish more point-to-point bus routes to ease the railway demand.

16.12 STH responded that in pursuing bus route rationalization, the Administration's objective was to minimize wastage by cancelling under-utilized routes or reducing their frequencies, with a view to redirecting the resources thus saved to routes with keen demand. The Administration would ensure that the public could have a reasonable choice of different transport modes.

16.13 Commissioner for Transport ("C for T") supplemented that apart from cancellation or amalgamation of under-utilised bus routes, the bus route rationalisation exercise in the North District had introduced new

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routes serving passengers from North District to Hong Kong East and Sham Shui Po to meet new demand. She drew members' attention that the introduction of too many point-to-point bus route services might aggravate traffic congestion problem, in particular at the entrance or exit of road harbour crossings. As such, the Administration would consider whether interchange arrangements should be put in place.

16.14 Dr KWOK Ka-ki expressed his disagreement to set MTR's fares in accordance with the distance travelled as it was unfair to low-income residents who lived in remote areas. He said that although monthly passes were offered for frequent travellers on some railway lines, only those who needed to travel the full distance could benefit. He thus called on the Administration to review MTR's fare structure. Dr KWOK also commented that while deciding on whether to carry out a large infrastructural project, the Administration should take into account its cost effectiveness. He pointed out that the Administration had spent a huge amount of money to construct the Shenzhen Bay Port and Liantang/Heung Yuen Wai boundary control point but the patronage was far lower than originally expected. He also expressed dissatisfaction that property developers concerned were granted exclusive rights to provide transport services to residents of Ma Wan and Discovery Bay. He requested the Administration to consider opening up the transport services for these two places to provide more transport options to residents there.

16.15 STH said that although MTR fares were determined based on distance travelled, MTRCL had been providing different fare concessions like monthly passes to passengers who lived in remote areas. He added that MTRCL would regularly review its fare concessions and would make improvements where necessary. STH further said that while deciding on whether to take forward an infrastructure project, apart from cost-effectiveness, the Administration would also consider the social benefits such as improvement of air quality and health of citizens, as well as economic development of a district with improved transportation services. STH said that although it was the Government's policy of using railways as the backbone of Hong Kong's public transport system, other modes of public transport would still have important roles to play. He agreed that

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the commissioning of new railway lines would inevitably affect the patronage of other modes of public transport to a certain extent. He advised that the Administration would embark on a review of the roles of public transport modes and the long-term public transport strategy.

16.16 Miss CHAN Yuen-han expressed the public's grievance over the high transportation expenses in Hong Kong. She pointed out that as the majority shareholder of MTRCL, the Administration should stop MTRCL, which made substantial profits, from increasing fares. She considered that the Administration should set up a fare stabilization fund to moderate fare increases.

16.17 STH said that it was not the Government's policy to subsidize the fares of public transport. In addition, given the narrow tax base of the Government, subsidizing the transport fares would affect the resources for other public services. As such, it would not pursue the suggestion of setting up a fare stabilization fund.

Railway projects

16.18 Mr Michael TIEN said that he had great expectation of the outcome of the study for the Review and Update of the "Railway Development Strategy 2000" ("RDS-2U") and the Administration's plan on the long-term railway development beyond 2020. Pointing out that the commissioning of the Hong Kong-Zhuhai-Macao Bridge and the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link ("XRL") (Hong Kong Section) in a few years' time would bring about an additional 165 000 tourists daily, he expressed concern over whether the Tung Chung Line would have any spare capacity to meet the anticipated surge in demand, in particular the demand of passengers going to popular tourists spots on Hong Kong Island.

16.19 STH advised that having regard to the consultant's overall recommendations under RDS-2U, the Administration was formulating the blueprint for railway development beyond 2020 and would announce it later in 2014. He added that the Administration would assess the additional

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demand for railway services generated by the commissioning of large transport infrastructure projects, and would closely monitor the changes in demand for railway services.

16.20 Permanent Secretary for Transport and Housing (Transport) supplemented that the current loading of Tung Chung Line for the critical link between Olympic and Kowloon stations during morning peak hours was 84% based on a four persons per square metre passenger density. According to MTRCL, there was still room to upgrade the signalling system of Tung Chung Line and its carrying capacity could be increased.

16.21 Ir Dr LO Wai-kwok pointed out that given the limited resources, it was not advisable to implement a number of railway projects simultaneously after formulating the blueprint for railway development beyond 2020. He urged the Administration to make an early decision to commence the essential railway projects first in order to make a better use of manpower and capital resources.

16.22 STH agreed with Dr LO's view but said that the Administration very often faced the equally strong requests made by residents of different districts for early implementation of the respective railway projects in their districts. The Administration would try its best to schedule the projects properly, having regard to the demand of the various districts.

16.23 Mr POON Siu-ping expressed concern on the casualties in railway construction projects and asked about the Administration's measures to ensure safety. He also asked about the causes of the unsettled claims XRL (Hong Kong Section) and the estimated time required to settle them.

16.24 DHy said that the Administration attached great importance on safety of railway construction projects. He said that MTRCL was required to fully comply with the safety requirements as set out by the Development Bureau. The Bureau had developed a series of measures, including setting requirements on the qualification and experience of works contractors, and launching promotional programmes to promote construction safety. As regards the claims for the railway projects, DHy said that according to the

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Railways Ordinance (Cap. 519), residents could submit claims if they suffered losses as a result of railway construction. Generally, it did take time to assess and resolve the claims.

Private cars and other types of vehicles

16.25 Mr WU Chi-wai expressed concern over the rapid increase in the number of private cars in the past ten years. He asked whether the Administration would still use 3% as the limit of annual growth rate of private cars in Hong Kong and the Administration's measures to curb the growth of private cars. Mr WU also pointed out that although electric bikes (i.e. bikes equipped with electric motors) were environmentally friendly, they had been refused registration and not permitted for use on cycling tracks or public roads. He considered that the Administration should amend the legislation to allow the use of electric bikes on public roads.

16.26 STH said that the Administration was also concerned about the rapid growth of the number of private cars in Hong Kong in the past few years. He said that broadly speaking there were two kinds of measures to limit the growth of private cars, i.e. fiscal measures to discourage ownership such as increasing the first registration tax, and administrative measures to restrict their use. He said that there had been suggestions to construct more roads and provide more parking spaces, but these measures might encourage car ownership and generate more traffic. The Administration had invited the Transport Advisory Committee to conduct a study on road traffic congestion, which would suggest short- and medium- term practicable measures at territorial level to contain road traffic congestion.

16.27 Regarding the use of electric bikes in Hong Kong, C for T said that electric bikes could not be categorized as bicycles nor registered as motor cycles under the current legislation. TD would keep in view any new types of vehicles and maintain an open mind on whether the relevant legislation should be amended to cater for the use of electric bikes.

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16.28 Mr Frankie YICK expressed concern over the inadequate transport services provided within the airport island and Tung Chung district which the Administration considered well served by railway and franchised bus services currently. He was delighted to note that while the Administration had no plan to introduce Green Minibus services for the district for the time being, TD would continue to monitor closely the situation and be ready to make all necessary feasible adjustments to such services, including introducing Green Minibus services as and when necessary. He indicated that he would submit his proposals to the Administration later in this regard. The Administration noted his views.

16.29 In response to Miss Alice MAK's enquiry about the progress of implementing the Tuen Mun Western Bypass ("TMWB") project, DHy replied that after obtaining local support to the proposed alignment in November 2010, HyD engaged consultants to proceed with the preliminary design and related assessments. However, some members of the local community raised strong objection to the project as they were worried that the northern viaduct section of TMWB and the portal of its southern tunnel section at the Tsing Tin Road Interchange might affect nearby residents. As such, the Administration was examining if there would be any room for changes to the proposed alignment of TMWB and was reviewing the implementation schedule of the project having regard to the latest planning and developments in northwestern New Territories. Separately, HyD had carried out a number of traffic improvement works to cater for the traffic demand in Tuen Mun. Based on the preliminary traffic assessment, the existing road network in Tuen Mun should be able to cope with the local traffic demand in the next decade.

Sea transport

16.30 Dr Priscilla LEUNG commented that the Administration should consider re-tendering the ferry services from Hung Hom to Wan Chai and from Hung Hom to Central in order to address the need of urban residents. She commented that with the opening of the Hung Hom Waterfront Promenade in 2011, there should be ferry operators interested in operating these two ferry routes. To maintain the financial viability of ferry

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operation, apart from providing government subsidy, she considered that the Administration should also facilitate ferry operators in generating more non-fare box revenue and enhance the facilities at waterfront. In addition, ferry operators could attract more patronage by offering fare concessions and concessionary tickets, and adding tourism elements to ferry routes which could link up points on same side of the harbour. She commented that since residents of outlying islands enjoyed subsidy when using ferry services, the Government should also consider providing such subsidy to urban residents relying on inner harbour ferry services as well.

16.31 STH said that it was the Government's established policy that public transport services should be run by the private sector in accordance with prudent commercial principles to achieve operating efficiency. Before introducing any new ferry routes, ferry operators should ensure that the routes concerned were financially viable. He added that since ferry was basically the only external mode of transport for some outlying islands, the Administration had been providing special helping measures to reduce the operating costs and lessen the fare increase pressure to ensure the continuation of such essential ferry services. The Government had no plan to extend the special helping measures to the inner harbour ferry services since alternative transport services were readily available. STH further said that the suggestion of providing inner harbour ferry service as a tourist attraction was under the purview of the Commerce and Economic Development Bureau and the Tourism Commission. The Transport and Housing Bureau was ready to co-operate with them for any initiatives of this category.

16.32 Mr Paul TSE welcomed the Administration's initiatives to consider the long-term strategy and development plan for the Port of Hong Kong and increase the manpower and resources of the Marine Department to enhance marine safety in local waters. He stressed that sea transport should be provided to connect the Kai Tak Cruise Terminal and Kowloon East. In this connection, he suggested that the Administration might consider extending the existing ferry routes between North Point and Kwun Tong, and Sai Wan Ho and Kwun Tong by adding a drop-off point at the Kai Tak Cruise Terminal.

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16.33 C for T said that the suggestion of providing ferry/ship services connecting Kai Tak Cruise Terminal with other areas of Hong Kong was subject to the arrangement of the operator of the Kai Tak Cruise Terminal. She said that TD was willing to consider upon receipt of any proposals from the terminal operator.

Air transport

16.34 Mr Ronny TONG noted that the third runway would be commissioned in 2023 at the earliest. To cope with the medium-term demand, the Airport Authority Hong Kong ("AA") would implement its midfield expansion project at the Hong Kong International Airport ("HKIA") and provide additional aircraft parking stands at to increase the capacity of the existing runways. He asked whether the above measures would be able to meet the airport demand until 2023.

16.35 STH advised that the existing two-runway system at HKIA was expected to reach its maximum capacity in the next few years. The Civil Aviation Department ("CAD") would continue to implement air traffic management enhancement measures to increase the existing runway capacity. He added that AA had completed the environmental impact assessment ("EIA") report and would submit it to the Environmental Protection Department for approval according to statutory requirements. The Administration hoped that the EIA report would be approved within 2014. He highlighted that the third runway project was a large-scale project which involved land reclamation, and required considerable time to implement.

16.36 In response to Mr Ronny TONG's concern about the substantial increase in the estimates for the programme of Airport Standards under CAD in 2014-2015 and the demand for helicopter services, Director-General of Civil Aviation ("DG of CA") said that due to the issuance of Annex 19 to the Convention on International Civil Aviation by the International Civil Aviation Organization to strengthen the requirements on safety management, CAD had reshuffled the duties among its different

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divisions. He confirmed that the re-organization incurred no extra cost. DG of CA added that CAD oversaw the demand for helicopter services between Hong Kong and Macao and would also review the future development of helicopter services from Hong Kong to other places.

Logistics development

16.37 Mr Frankie YICK appreciated the Administration's efforts in earmarking ten hectares of land in Tuen Mun West for logistics development in addressing the industry's demand for land. He also welcomed the Administration's plan to examine and identify possible ways to improve the allocation and management of port back-up sites in Kwai Tsing and to study the feasibility of providing a multi-storey car park for heavy vehicles. He commented that the Administration, while considering the cost effectiveness of constructing the multi-storey car park, should not merely take into account the rental received but also the social benefits such as the land which could be released for other purposes. Mr YICK also hoped that the Administration could introduce measures to help the industry's development by reviewing the policy of providing sites for logistics industry under short-term tenancy as the industry faced a surge in rental.

16.38 STH said that the Administration would continue its efforts to assist the development of the logistics industry. He agreed that while considering the cost-effectiveness of a project, the Administration would consider all related factors including the benefits to the community.

16.39 Deputy Secretary for Transport and Housing (Transport) 5 supplemented that the review to examine and identify possible ways to improve the allocation and management of port back-up sites in Kwai Tsing was in progress, and it would cover the current mechanism for leasing land to the logistics industry. She advised that under the established practice, the Lands Department would review the rent of short-term tenancies once every three years with reference to the market rate. Regarding the concern of the industry on the rental increase, she said that the Lands Department had provided for an appeal mechanism to deal with objections raised by the tenants. Upon receipt of the appeal lodged by the tenant, the Lands

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Department would review the rental level, taking into account the justifications presented and operating environment of the industry in accordance with the current appeal mechanism.

16.40 Miss Alice MAK considered that the Administration should have a better co-ordinated policy on the allocation of land for the use of the logistics industry. She stressed that sufficient land should be provided to the logistics industry for parking containers and trailers. She also asked about the Administration's stance in respect of the development of the Lantau Logistics Park.

16.41 STH said that the Administration was studying how land could be effectively allocated to cater for different needs of the logistics industry. As for the Lantau Logistics Park, he said that the Administration would continue to work on its development, taking into account the overall future developments on Lantau Island.

Road test for learner drivers

16.42 Mr POON Siu-ping expressed concern over the long waiting time for learner drivers to take the road test and the low compliance rate of the TD's performance pledge that road tests would be conducted within 82 days upon application. Noting that TD had faced difficulties in recruiting driving examiners ("DEs"), he asked about the Administration's measures to solve the recruitment problem.

16.43 C for T explained that, not only did DEs have to possess outstanding driving skills for a range of vehicle types, but they also needed to be observant, calm and be able to react quickly, withstand pressure and articulate well their decisions to learner drivers taking the tests. She admitted that TD was having difficulties in recruiting DEs with the right calibre. Nevertheless, TD had no plan to relax the stringent requirements for DEs due to their important duties of ensuring road safety. She added that TD had been deploying a considerable number of DEs to assess the driving skills of newly recruited franchised bus drivers. If the shortage problem of franchised bus drivers had improved, more DEs could be

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re-deployed for conducting driving tests of other vehicle types. She added that apart from the recruitment problem of DEs, TD also faced problems in adding venues for conducting road tests due to local objections. Nevertheless, TD would continue its efforts in identifying suitable venues for conducting road tests. C for T advised that to better utilize the test slots released from postponement of tests and absence of candidates, TD had launched the Repeater Early Test Appointment Booking Service to allow repeaters to apply for an early test appointment online. She undertook that TD would consider further measures to improve the service.

Hillside escalator links

16.44 Mr Paul TSE considered that the Administration should make reference to the successful experience of the Central Mid-Levels Escalator Link and provide similar hillside escalator links to Tsz Wan Shan and Yuet Wah Street to ease the road traffic burden there.

Hiring of overseas consultancy

16.45 Mr Paul TSE also noted that the Administration had spent a considerable amount of money annually for hiring overseas consultants to conduct different kinds of consultancy studies. He queried why the studies could not be undertaken by Government in-house staff.

16.46 STH responded that it might not be cost-effective for the Administration to hire experts of different professional fields as employees. It was also the practice of many overseas jurisdictions to hire consultants to carry out different kinds of studies from time to time. He advised that apart from overseas consultants, the Administration also hired local experts or academics to carry out consultancy studies under the purview of the Transport and Housing Bureau.

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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 2014-2015 financial year (Appendix IV-15).

Poverty alleviation

17.2 Mr TANG Ka-piu enquired about the income requirement for a four-member family under the proposed Low-income Working Family Allowance ("LIFA") to be launched in 2015 and whether the Administration would lower the working hour requirement to benefit more families in need.

17.3 SLW responded that the design of LIFA was to provide a Basic Allowance and a Child Allowance on a family basis with a two-tiered system based on family income and working hours. The income limit was set at 50% of the median monthly domestic household income. According to the latest statistics, the income limit for a four-person household would be close to \$16,000. As regards working hours, a working member of a family had to meet the 144 or 208 working hour requirement per month for an allowance of \$600 and \$1,000 respectively. He highlighted that as the main objective of LIFA was to encourage employment and self-reliance, the Administration would maintain the proposed working hour requirement and make necessary adjustment according to implementation experience.

17.4 Noting that a Child Allowance would be offered to low-income families with children under LIFA, Mr Frederick FUNG suggested that a cash allowance should be offered to needy families with elderly persons and persons with disabilities, and the social security payments received by them, if any, could be counted as part of the income of the applicant household. He also urged the Administration to launch LIFA to assist the needy families as soon as possible.

17.5 SLW responded that under the existing social security system, elderly persons and persons with disabilities in need could apply for the Old Age Living Allowance ("OALA") or Disability Allowance. He stressed that apart from encouraging employment, another objective of LIFA was to alleviate inter-generational poverty. The Child Allowance was proposed to serve such purpose. To address the needs of low-income families, the Administration targeted to secure funding approval of \$3 billion from the

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Finance Committee in the current legislative session for the launch of LIFA as early as practicable for the benefit of over 200 000 families.

17.6 In respect of alleviating inter-generational poverty, Dr CHIANG Lai-wan recognized the Child Development Fund ("CDF") as an effective initiative, but she suggested that the Administration should consider raising the upper age limit of beneficiaries to the age of 18 and setting up an infant fund to assist children from disadvantaged families. SLW replied that up till now CDF had already benefited more than 6 000 underprivileged children aged 10 to 16. The Government would earmark an additional \$300 million for CDF in the 2014-2015 to ensure the sustainable development of CDF projects, with a view to benefiting more underprivileged children.

17.7 Mr WONG Yuk-man urged the Administration to accord high priority to narrowing the wide disparity between the rich and the poor, which in his view was a result of the Government's policy which favoured the rich. SLW said that the Government had been committed to addressing the various welfare needs of people from disadvantaged background through social security schemes and employment assistance programmes to offer them financial assistance and strengthen their resilience and employability.

Child care services

17.8 Whilst expressing disappointment at the slight increase in the number of aided standalone child care centres ("CCCs"), Dr Helena WONG enquired about the criteria for allocating the 32 new places to individual districts. She called on the Administration to increase substantially the service places of CCCs to unleash the potential female labour force, in particular women immigrants newly arriving in Hong Kong.

17.9 Miss CHAN Yuen-han pointed out that as there were close to 300 000 children aged 0 to five, the supply of service places at CCCs could not keep pace with the service demand. As revealed in the consultation paper by the Steering Committee on Population Policy released in October 2013, there was a huge potential women population who could not join the workforce because they had to take care of children at home. Given the low rate of increase in the number of CCC places, Miss CHAN doubted whether the Government could achieve its policy objectives to address the

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concern of the female and unleash potential women workforce.

17.10 SLW said that the overall provision of CCC places could meet the service demand. While there was a high rate of utilizing the places of CCCs, there were about 25 575 places provided in the kindergarten-cum-child care centres under the administration of the Education Bureau in 2013-2014 and the average utilization rate of these places was 77% only.

17.11 Director of Social Welfare ("DSW") said that in 2014-2015 the in-situ expansion in four existing aided CCCs in Eastern, Central & Western, Kowloon City and Yau Tsim Mong districts would provide additional places for CCCs, taking into consideration service demand, manpower supply and availability of sites of individual districts. The Administration would increase CCC places in other districts if sites for expansion could be identified.

17.12 Noting that 40 places were allocated to each district under the Neighbourhood Support Child Care Project ("NSCCP"), Miss Alice MAK queried whether the service places were adequate to meet the service demand of individual districts. Miss CHAN Yuen-han, Miss Alice MAK and Mr Alan LEONG expressed the view that the Administration should adjust the incentive payments for carers to the level of minimum wage to attract more women to join the Project.

17.13 SLW responded that NSCCP was regularized and extended to all 18 districts in 2011 to provide more flexible and convenient services to parents, with a minimum requirement of offering 40 service places for each district. Operators of NSCCP, however, were encouraged to provide more places than the minimum requirement to meet service needs of individual districts. To further ease the service demand, the Government would provide at least 234 additional places for home-based child care services and increase funding for operators to enhance social work support for NSCCP in 2014-2015. As regards the incentive payments, SLW explained that the payments offered to carers servicing NSCCP aimed to recognize their contribution and mutual support in the community but not to provide remuneration for their services.

17.14 Mr LEUNG Yiu-chung asked why the Administration did not

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further lift the upper age limit of service beneficiaries of NSCCP from the proposed nine to the age of 12 to benefit more service users.

17.15 SLW replied that the Administration had been monitoring the overall provision of service places for children of different ages. For children aged six or above, the Administration would enhance the after-school care services currently provided by non-governmental organizations ("NGOs"). DSW supplemented that the Social Welfare Department ("SWD") would allocate additional resources to extend the service hours of some after-school care centres on weekday evenings and holidays, as well as to provide 360 additional fee-waiving and fee reduction quotas across the territory.

17.16 In response to members' enquiries on further measures to address the demand for child care services, SLW highlighted that the Government planned to inject \$400 million into the Partnership Fund for the Disadvantaged, of which \$200 million would be dedicated to providing more after-school learning and support initiatives for primary and secondary school students from grass-roots families.

Social security

17.17 Mr POON Siu-ping and Mr CHAN Kin-por said that there would be more Comprehensive Social Security Assistance ("CSSA") applications from persons who had resided in Hong Kong for less than seven years following the judgment of the Court of Final Appeal ("CFA") in December 2013 which declared the seven-year Hong Kong resident requirement under the CSSA Scheme unconstitutional. They expressed concern whether the existing staff establishment of the Social Security Field Unit was adequate to process the new applications.

17.18 SLW said that after the CFA judgment was handed down, 4 007 CSSA applications from persons who had resided in Hong Kong for less than seven years had been received as at 31 March 2014. One-third of these cases were from single parent families and 80% had been approved. The number of applications had substantially dropped to about 30 per day in the past four weeks. He estimated that number of CSSA cases to be served in 2014-2015 would remain the same as that of the year before, since the effect of the increase in new cases arising from the lowering of CSSA

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residence requirement would be offset by the slightly declining trend of the overall CSSA cases in recent years. DSW said that the Administration would keep in view the situation and review the workload of social security staff from time to time.

17.19 Miss Alice MAK asked if the 138 new posts for social security services in the coming year would be deployed to handle new social security initiatives to ease the heavy workload of front-line social security staff. She also asked whether priority would be given to the existing non-civil service contract ("NCSC") staff in SWD in filling the new positions.

17.20 DSW responded that the additional 138 posts were all civil service posts. The Administration was aware of the workload faced by front-line staff and had implemented various measures to streamline work procedures and enhance efficiency. She said that it had been the Government's policy to select the most suitable persons to fill civil service vacancies through an open, fair and competitive process. Serving NCSC staff were welcome to apply for these vacancies. NCSC staff should generally enjoy a competitive edge over other applicants because of their work experience in the Government. At the request of Miss MAK, the Administration would provide the exact number of NCSC staff in SWD for members' reference.

17.21 Mr WONG Yuk-man noted that the manpower for checking income and asset requirements of OALA would incur an annual estimated expenditure of \$43 million and considered it a waste of public resources. He called on the Administration to remove the means test currently imposed on OALA.

17.22 Mr Frankie YICK questioned whether the existing penalties had sufficient deterrent effect on the fraud in CSSA and Social Security Allowance ("SSA") since he noted that there had not been a marked decrease in the number of CSSA and SSA fraud cases found guilty and sentenced to imprisonment. In response, DSW said that the Administration was committed to combating fraud and if suspected fraud cases were found, they would be referred to the Police for follow-up. Offenders would face heavy penalties if found guilty. Regular case reviews and checking were conducted on CSSA and SSA cases to prevent deception and abuse of public money.

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17.23 Noting the increase in the number of CSSA cases in private housing with actual rent exceeding the maximum rates of the rent allowance ("MRA") under CSSA, Mr TANG Ka-piu enquired about the assistance the Administration would provide to relieve the burden of these households arising from soaring rental expenses.

17.24 SLW said that MRA under CSSA had increased at least by 6.5% in accordance with the movement of the Consumer Price Index (A) rent index for private housing. With the re-launch of assistance programme entitled "Subsidy for CSSA recipients living in rented private housing" under the Community Care Fund ("CCF") in September 2013, a one-off payment had been provided to CSSA households living in private housing and paying a rent exceeding MRA to cope with their financial burden due to rent increase.

Social welfare planning

17.25 Mr CHEUNG Kwok-che enquired about the breakdown of the additional recurrent expenditure of about \$470 million in 2014-2015 under the Lump Sum Grant ("LSG") subvention system. He also asked how the Administration would monitor the deployment of funding to strengthen related manpower supply for delivering quality services. Mr CHEUNG was also concerned about the recruitment of sufficient additional physiotherapists ("PT"), occupational therapists ("OT"), speech therapists and nurses to meet the human resources need in care services in the next decade, and how the Administration would ensure the supply of adequate qualified personnel for training new entrants for the workforce.

17.26 DSW responded that of the proposed additional funding for LSG subvention, about \$160 million would be deployed for central administrative support; about \$130 million for supervisory support to enhance supervision for front-line service; about \$130 million for recruitment and retention of paramedical staff; and about \$48 million for the provision of "Other Charges" which included food and insurance matters. The Administration had been working closely with subvented organizations for the provision of adequate manpower to render quality services. As regards manpower planning, SLW said that the Elderly Commission ("EC") had been tasked to prepare an Elderly Services Programme Plan within two years. The Labour and Welfare Bureau ("LWB"), SWD and the Food and Health Bureau would collaborate with tertiary institutions and the

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University Grants Committee ("UGC") to train healthcare professionals to meet the demand for manpower. The Administration had impressed upon UGC the urgent need for the related professionals to provide the elderly services. The Hong Kong Polytechnic University would continue to offer the top-up and master's degree programmes on PT and OT.

17.27 Regarding the implementation of the Special Scheme on Privately Owned Sites for Welfare Uses ("Special Scheme"), Mr POON Siu-ping was concerned about the slow progress of the construction works of welfare premises and facilities. He was also concerned that the complicated approving procedures for the project proposals would affect the provision of existing welfare services by applicant NGOs.

17.28 SLW replied that the projects involved in five of the preliminary proposals under the Special Scheme would be completed by 2017-2018 and the remaining 58 proposals were expected to be completed in phases after 2017-2018. Permanent Secretary for Labour and Welfare supplemented that as the proposals submitted by applicant NGOs under the Special Scheme involved expansion, redevelopment or new development projects, the commencement dates of the projects involved varied. LWB was co-ordinating relevant government departments including the Lands Department, Planning Department and Buildings Department to facilitate the smooth commencement of the relevant works. She assured members that the implementation of the Special Scheme would not affect the provision of other social welfare services currently run by the participating NGOs.

Elderly services

Residential care services

17.29 Miss CHAN Yuen-han said that 5 019 elderly persons passed away in 2013 while they were waiting for subsidized Nursing Home ("NH") and Care-and-Attention ("C&A") places. Noting that the average waiting time for admission to subsidized residential care homes for the elderly ("RCHEs") was 35 months, she expressed grave concern about the inadequacies of the existing provision to meet the huge demand for subsidized RCHE places.

17.30 Mr WONG Yuk-man expressed strong disappointment at the acute

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shortage of subsidized RCHE places over the years and appealed to the Administration to substantially increase subsidized RCHE places.

17.31 Mr LEUNG Kwok-hung opined that given the difficulties in earmarking sites for the construction of new residential care homes, the Administration should explore other ways, including redevelopment of existing homes and purchasing additional places from private homes, to address elderly persons' imminent needs. The amount of carer allowance should also be raised to subsidize expenses for taking care of elderly persons.

17.32 Pointing out that the some 950 additional subsidized residential care places for those frail elderly persons were far from adequate to cope with the rapidly expanding elderly population, Mr SIN Chung-kai enquired how the Administration would speed up the provision of RCHE places in the next 10 to 15 years to meet the demand.

17.33 SLW responded that the Government had been committed to strengthening both RCS and CCS in accordance with the principle of "Ageing in place as the core, institutional care as back-up". Taking into account the 3 000 vouchers under the pilot scheme on residential care service voucher, the Administration planned to offer 5 000 RCHE places within the current term of office, and about 1 170 places would be offered in 2014-2015 to cope with the pressing demand. In the medium to long term, around 9 000 places (including residential and day care places) for the elderly would be offered through the Special Scheme on Privately Owned Sites for Welfare Services.

17.34 Regarding the wait-listing situation for C&A places, Mr CHAN Chi-chuen enquired about the reasons for the withdrawal of 1 968 applications in 2013 and the drop of the number of elderly applicants allocated with places in the year.

17.35 DSW replied that the withdrawals could be initiated by the elderly applicants themselves when they could be taken care of by their family members or domestic helpers. Deputy Director of Social Welfare (Services) ("DD(S)") supplemented that the withdrawals were also due to change of health conditions and service recommendations for the elderly applicants according to re-assessment under the Standardized Care Need Assessment

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Mechanism for Elderly Services. The number of C&A places allocated each year was subject to the addition of new places and the turnover rate of existing places. In response to the enquiry by Mr CHAN Chi-chuen, SLW said that a bought place would be offered within a few months if the applicant had no particular preference in the location or religious background of RCHE.

17.36 Mr LEUNG Yiu-chung urged the Administration to accommodate elderly persons with hearing impairment in RCHEs, which were equipped with facilities such as visual fire alarm and had staff proficient in sign language.

17.37 SLW responded that as far as practicable, elderly persons with hearing impairment were arranged to reside in RCHEs with barrier free access and facilities as well as staff specialized in taking care of such elderly persons. DD(S) supplemented that subject to individuals' preferences, elderly persons with similar disability conditions would be arranged to reside in the same RCHE as far as possible.

Community care services

17.38 Noting that a large number of persons were waiting for Integrated Home Care Services (Ordinary Cases), Mr CHEUNG Kwok-che called on the Administration to work out specific measures to cope with the pressing service demand for community care and support services.

17.39 Miss CHAN Yuen-han suggested that same as the concept of child carers under NSCCP, the Administration should unleash potential women workforce in the community by encouraging female home-makers to provide home-based care and support services for elderly persons. She stressed that the incentive payment for carers should be on a par with the statutory minimum wage.

17.40 SLW responded that the Government strived to enhance subsidized community care services to facilitate elderly persons to age in place. One of the initiatives was the Pilot Scheme on Living Allowance for Carers of Elderly Persons from Low Income Families under CCF by which an allowance would be offered to carers of the elderly persons. In addition, the Government launched in September 2013 the Pilot Scheme on

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Community Care Service Voucher for the Elderly ("CCSV"), targeting the issue of 1 200 vouchers for home care and/or day care services. In its Elderly Services Programme Plan to be completed within two years, EC would map out initiatives to meet the challenges arising from the ageing population.

17.41 Noting the Administration's response that the subsidized unit cost for the Enhanced Bought Place Scheme ("EBPS") ranged from \$8,000 to \$9,000, Dr CHIANG Lai-wan enquired if the Administration would consider deploying the same amount of funding as allowance for carers of elderly persons on the Central Waiting List for subsidized RCHEs to facilitate elderly persons to age in place.

17.42 Sharing the same view, Mr MA Fung-kwok suggested that the Administration should consider providing an allowance for elderly persons on the Central Waiting List for subsidized RCHEs to hire domestic helpers.

17.43 SLW responded that instead of cash allowance, elderly persons on the waiting list for subsidized residential care services were currently provided with professional rehabilitation services under the subsidized community care services, while the Pilot Scheme on CCSV provided flexibility as elderly persons could select the services they needed. He added that under the Pilot Scheme on Living Allowance for Carers of Elderly Persons from Low Income Families to be launched under CCF by the end of the second quarter of 2014, an allowance amounting to \$2,000 and \$4,000 would be offered to carer(s) who took care of one or more than one elderly persons, respectively. In response to Dr Fernando CHEUNG's concern about the limitation of the pilot scheme in terms of scope and service quotas, SLW said that while the pilot scheme targeted to benefit 2 000 carers initially, the Administration would consider extending the scheme to benefit more needy people including carers of persons with disabilities in the future.

17.44 Dr Priscilla LEUNG considered that the Administration should provide support for full-time carers who had quitted their job to take care of family members with chronic illness at home. She urged the Administration to consider providing a family subsidy (for example, \$4,000 per month) to such carers and encouraging employers to allow employees with such needs to apply for "leave of absence".

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17.45 SLW replied that the Pilot Scheme on Living Allowance for Carers of Elderly Persons from Low Income Families to be offered under CCF was for carers of elderly persons from low income families and a means test was required. For carers who needed to take care of family members having accidents or sudden illness, SWD would provide assistance for families in need as appropriate.

Rehabilitation and support services for persons with disabilities

Rehabus service

17.46 Noting that the average waiting time for rehabus for scheduled route ("SR") services in 2013 was about two months and there was no precise estimate for dial-a-ride ("DAR") services, Ms Emily LAU questioned the effectiveness of the services in facilitating persons with disabilities to reintegrate into the community. She urged the Administration to encourage the development of accessible taxi services with an affordable fare level to meet the demand for accessible transport services.

17.47 Pointing out that there were some 13 635 orders for DAR services not entertained in 2013, of which more than half were orders for attending medical appointments, Dr Fernando CHEUNG asked how the Administration would improve the Rehabus service in the coming year.

17.48 SLW replied that currently there were 135 rehabuses providing point-to-point transport services for persons with disabilities who had difficulties using normal modes of transport, and that six additional rehabuses would be procured in 2014-2015, three to be deployed on SR services and the remaining three on DAR services. He stressed that the Administration was committed to allocating more resources in procuring new buses, with the fleet number of rehabuses increased from 95 to 141 in the past six years.

17.49 Commissioner for Transport ("C for T") said that currently there were 60 persons with disabilities on the waiting list for SR services. The number would drop to 30 with the new rehabuses ready for service in June 2014. The number of DAR orders not entertained in 2013 was 13 635,

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representing 12.5% of the total number of orders. The Administration was open to the suggestion of expanding the taxi services for persons with disabilities, subject to the readiness of service operators to increase the number of accessible taxis.

Supply of residential care and training places

17.50 Dr KWOK Ka-ki and Mr Frankie YICK sought the Administration's explanation for the persistently long waiting time for various services for persons with disabilities including Hostel for Severely Mentally Handicapped Persons ("HSMH"), Hostel for Moderately Mentally Handicapped Persons ("HMMH"), Day Activity Centre and Early Education and Training Centre. Mr YICK strongly requested the Administration to accord high priority to shortening the waiting time.

17.51 SLW replied that the Administration planned to provide 6 200 additional places of rehabilitation services for persons with disabilities in the current term of office, of which about 1 560 places were for HSMH, HMMH, and the Hostel for Severely Physically Handicapped. The Administration had undertaken a feasibility study on a redevelopment project of the former Siu Lam Hospital in Tuen Mun and the former Kai Nang Sheltered Workshop and Hostel in Kwun Tong, with a total provision of 1 450 residential care places and 760 day training places for persons with disabilities respectively within the current term. In the medium and long-term, about 8 000 service places (about 2 000 places for residential care and 6 000 for day training) would be offered under the Special Scheme on Privately Owned Sites for Welfare Uses, targeted for completion within five to 10 years.

Mental health social rehabilitation services

17.52 Mr Albert HO was concerned about the progress of setting up permanent sites for the 24 Integrated Community Centres for Mental Wellness ("ICCMWs") in different districts, the manpower allocation for each ICCMW, and the service time spent on a mental patient by case managers under the Case Management Programme.

17.53 DSW responded that a total of 11 ICCMWs were currently operating in permanent accommodation and another five were expected to

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commence service at their permanent sites in 2014-2015 following the completion of fitting-out works. A suitable site had been identified for another ICCMW in respect of which local consultation would follow; and sites had been reserved for two other ICCMWs. SWD was also funding the rental expenses incurred for using suitable commercial premises as temporary sites for the remaining five ICCMWs. ICCMWs provided one-stop integrated services for ex-mentally ill persons and the manpower for each ICCMWs varied according to service needs of individual districts. At the request of Mr HO, the Administration would seek to provide information on the staffing requirement for each ICCMW, the average caseload of a case manager and average service time spent on a mental patient by each case manager under the Case Management Programme.

17.54 Mr Albert HO urged the Administration to attend to the growing number of children and young people suffering from mental health problems as they accounted for a significant proportion of psychiatric treatment services offered by the Hospital Authority ("HA"). Mr HO enquired about the waiting time for follow-up consultations for psychiatric services and reasons (with breakdown by type and number of cases) for seeking psychiatric treatment. The Administration undertook to provide the requested information for members' reference.

17.55 Dr KWOK Ka-ki asked about the Administration's plans to improve its support services for children suffering from mental illness, autism or having other special education needs. Dr Fernando CHEUNG took a strong view that the Administration should work out concrete plans to realize its policy objective to identify and intervene early to address the special needs of these children.

17.56 SLW replied that the Administration proposed to allocate a recurrent annual allocation of \$53 million to regularize an assistance programme under CCF to provide training subsidy for children with disabilities from low-income families, thereby enabling them to receive self-financing services while waiting for subvented pre-school rehabilitation services. Noting that a monthly subsidy of about \$2,600 would be provided for the service users under the programme, Dr KWOK Ka-ki remained dissatisfied that such an amount was inadequate to support the expenses on pre-school training courses run by private service providers.

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Long-term plan for rehabilitation policy

17.57 Dr Fernando CHEUNG considered that there was an urgent need for long-term planning on rehabilitation services as there had been a large discrepancy between the policy directions as drawn up in the 2007 Hong Kong Rehabilitation Programme Plan and the real life situations of persons with disabilities. He urged that long-term care services should not be restricted to elderly persons aged 65 or above but should be provided for persons in need regardless of age. The services offered under the Home Care Service for Persons with Severe Disabilities should be more comprehensive covering rehabilitation training, nursing care as well as basic services such as meal delivery and home cleansing.

17.58 DD(S) replied that the Administration would enhance the service contents of home care services for persons with disabilities according to users' needs. The Home Care Service for Persons with Severe Disabilities, which was regularized starting from March 2014, provided integrated home-based service covering personal care, escort, occupational therapy/physiotherapy rehabilitation training and nursing care services through case managers in service teams. The service contents were designed according to the implementation experience of the previous pilot scheme and case managers would play an active role in co-ordinating and mobilizing community resources to meet the specific needs of service users as and when necessary.

Public transport fare concessions for the elderly and eligible persons with disabilities

17.59 Mr TANG Ka-piu asked whether the Administration would consider extending the \$2 concessionary fare for public transport to cover "Kaito" ferry services approved by the Transport Department ("TD") to enhance convenience for the elderly and persons with disabilities in remote areas since "Kaito" was the only available transport service for some routes such as from Po Toi Island to Stanley.

17.60 C for T responded that it was not appropriate to extend the concessionary fare to cover "Kaito" ferry services at this stage as the service frequency and fees of these services were not regulated by the Administration and that the Administration's reimbursement had to be made

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on an accountable basis. Nevertheless, SLW said that the Administration would liaise with the Kaito transport operators in respect of Mr TANG's suggestion.

17.61 Mr TAM Yiu-chung questioned why it would take more than a year to resolve the technical and operational difficulties with the green minibuses ("GMB") trade for the extension of the \$2 concessionary fare for GMB. He called on the Administration to expedite the extension for the benefit of the elderly and eligible persons with disabilities.

17.62 SLW responded that the Administration was actively negotiating with the trade involving more than 150 GMB operators servicing hundreds of routes for the proposed extension in phases starting from the first quarter of 2015. C for T added that TD was exploring with the trade and the Octopus Card Limited to resolve the technical, operational, accounting and auditing issues, and the expenditure involved, with a view to extending the fare concession to GMB as soon as practicable.

Domestic violence

17.63 Dr Helena WONG wondered why there were some 200 unused service places of the Victim Support Programme for Victims of Family Violence ("VSP") each year from 2011-2012 to 2013-2014. Given the large number of cases involving spouse/cohabitant battering in 2013, Dr WONG enquired why the 800 targeted service places of VSP were not fully utilized.

17.64 SLW responded that the 800 service places were planned for domestic violence victims who were referred to VSP by the court. DD(S) supplemented that VSP provided emotional support and relevant information on judicial proceedings and social support services for victims of spouse/cohabitant battering and child abuse cases, and its target users were mainly those undergoing judicial proceedings.

17.65 Mr CHAN Kin-por enquired about the reasons for the rising numbers of newly reported cases of spouse/cohabitant battering and child abuse, and whether the Administration had conducted any evaluation on the effectiveness of existing services provided by NGOs in combating domestic violence.

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17.66 SLW replied that the Administration was mindful of the increase of battering and abuse cases. He explained that as a result of the education and publicity work over the years, there had been increasing public awareness about the wide range of preventive, supportive and specialized services available for domestic violence victims which he considered effective in supporting victims of domestic violence and families in need. DSW added that the increase in reported cases could be attributed to the enhancement of publicity and follow-up work by SWD and the Police. Apart from supporting domestic violence victims through VSP, the Educational Programme on Stopping Domestic Violence was introduced in October 2013 rendering psycho-education services for adult batterers involved in spouse/cohabitant battering or for couples/cohabitants with high risk of perpetrating violence towards others. The Administration would continue its efforts in publicity campaigns to encourage victims to seek help.

Gender mainstreaming

17.67 Mr WONG Kwok-hing expressed concern about the lack of Government's support to protect the welfare of men regarding street sleeping, domestic violence, as well as their physical and emotional problems. He was worried that welfare organizations were curtailing their services for men as there was no funding support from the Government. In response, SLW said that the Administration provided the same level of welfare services for persons in need irrespective of their gender. Male victims of domestic violence could seek short-term accommodation service provided by the Multi-purpose Crisis Intervention and Support Centre run by NGOs. At the request of the Chairman, the Administration would provide a written reply on details of family support and accommodation services for male victims of domestic violence.

17.68 Miss Alice MAK enquired about the specific projects to be undertaken under the proposed allocation of \$30 million for the promotion of women's interests. SLW gave examples of the projects to be undertaken including funds for the Women's Commission ("WoC") to implement the "Capacity Building Mileage Programme" to support women's learning needs and for LWB and WoC to sponsor a survey on the reasons for women's departure from the labour market and the factors attracting them to take up employment again.

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18.1 At 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).

Occupational safety and health

18.2 Expressing concern about the recent fatal accidents in the construction industry, Mr Tony TSE was of the view that the Administration should conduct review regularly and take enhancement measures as appropriate to ensure the occupational safety of the construction workers. Mr LEE Cheuk-yan echoed grave concern over the fatal accidents in the construction sector and enquired about the measures taken by the Administration to prevent the recurrence of such accidents. In his view, developers as well as contractors of construction projects should be held responsible for industrial accidents should there be non-compliance with legislation for occupational safety and health ("OSH") and unsafe work practices.

18.3 SLW said that to address the sector-specific problem, the Government had strengthened its efforts in the areas of inspection and enforcement, education and training, as well as publicity and promotion. Apart from conducting regular site inspections, the Labour Department ("LD") would, from time to time, launch special enforcement operations to deter work practices contravening statutory requirements on work safety, particularly those involving high-risk processes. LD would take immediate enforcement actions without prior warning on discovery of breaches of safety legislation as well as initiate prosecutions and issue improvement notices ("INs") and suspension notices ("SNs"). In 2013, LD conducted around 8 000 special site inspections with over 640 prosecutions initiated and more than 340 SNs and 570 INs issued. To address the risk of work-at-height, a new sponsorship scheme had been launched for the small and medium enterprises to purchase mobile working platforms for replacement of folding step-ladders. Moreover, the Government would urge the construction sector to ensure site safety and give due consideration to OSH requirements from the design stage to every subsequent stage of project implementation and delivery.

18.4 Noting that LD planned to intensify systematic preventive and enforcement measures in several major areas in 2014-2015 so as to safeguard employees' OSH, Mr POON Siu-ping asked about the details of the measures, including the staffing implications, and the indicators for assessing the effectiveness of such measures.

18.5 Deputy Commissioner for Labour (OSH) ("DC for L (OSH)") said that LD planned to create 18 additional posts in 2014-2015 including six safety officers in a dedicated office to strengthen the monitoring of work safety of major works projects and the creation of a dedicated team to strengthen the monitoring of construction projects involving compressed air work. The work progress would be reviewed on a regular basis.

18.6 Pointing out that the employer-employee relationship only existed between sub-contractors and the injured employees in most cases of industrial accidents, Mr James TIEN considered it difficult to hold developers or principal contractors liable for such incidents under the Employment Ordinance (Cap. 57) ("EO"). Mr TIEN added that consideration should be given to strengthening vocational training offered by the Vocational Training Council ("VTC") on those high-risk work types in the construction industry.

18.7 SLW responded that the Government, developers, contractors and sub-contractors jointly shared the responsibilities of ensuring the occupational safety of construction workers. LD would continue to launch special enforcement campaigns targeting high-risk work processes in the construction industry and to enhance the content of "Green Card" course. The Government would brief the Panel on Manpower on measures to enhance construction safety at the meeting scheduled for mid-April 2014.

18.8 Mr LEE Cheuk-yan expressed disappointment that close to 84% of new patients seeking consultation at LD's occupational health clinic in 2013 were categorized as suffering from diseases or injuries caused by work, related to work or aggravated by work instead of occupational diseases. Mr LEE held the view that the Administration should conduct a comprehensive review on the list of compensable occupational diseases in

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the Second Schedule to the Employees' Compensation Ordinance (Cap. 282) ("ECO") to examine whether its scope and coverage should be expanded in view of the socio-economical changes over the years.

18.9 In response, DC for L (OSH) advised that LD would review the list of occupational diseases in the ECO having due regard to international practices and local circumstances. He said that occupational disease referred to those diseases which had clear and strong relationship with certain occupations, and usually there was only one causal factor involved. In determining whether a disease should be prescribed as an occupational disease, LD would consider whether there was direct causal relationship between the disease and certain type of work, including whether there was any medical evidence to indicate that the disease was clearly associated with a particular occupation. The Government had reviewed the list of compensable occupational diseases from time to time and had updated the list in the light of international standards. Since 1991, there had been four amendments to the list, which included the addition of 13 new occupational diseases and expansion of the coverage of three occupational diseases. As regards the new patients seeking consultation at LD's occupational health clinic in 2013, most of them suffered from musculoskeletal diseases such as low back pain and shoulder-neck pain. Apart from work, these diseases could also be caused by other factors including those that have no direct relationship with work. As a causal relationship between these diseases and a particular occupation was yet to be established, these diseases did not fall under the definition of occupational diseases.

Employment support and services

18.10 Referring to the special training project "Targeted Career Training Mission" of the Youth Employment and Training Programme ("YETP"), Mr CHEUNG Kwok-che sought explanation for the introduction of the new tender procedures in respect of case management services and pre-employment training courses for 2013 and 2014. Mr CHEUNG further enquired about the criteria adopted in the assessment of the tenders. He added that the Administration should allocate dedicated resources for courses targeting at ex-mentally ill young persons.

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18.11 Assistant Commissioner for Labour (Employment Services) ("AC for L(ES)") explained that in its report on the review of LD's youth employment services released in 2012, the Audit Commission had recommended LD to follow the Government Stores and Procurement Regulations in engaging services of training bodies under YETP. Hence, LD was obliged to procure the case management services and pre-employment training courses from training bodies through tendering. In assessing the service proposals for case management services, equal weightings were accorded to both pricing as well as service quality in accordance with the stipulated criteria. She said that in conducting the tender exercise on pre-employment training courses, the training proposals submitted by the training bodies for the "Targeted Career Training Mission" which were specifically targeted at young people with special needs would be assessed separately, and equal weighting for pricing and service quality would also be adopted.

18.12 Noting that government bureaux/departments had in general employed two percent of employees with disabilities, Mr Albert HO held the view that the Administration should consider adopting specific measures to further facilitate or promote the employment of persons with disabilities in the civil service as well as in the public and subvented organizations. For instance, when awarding tenders to organizations, the Administration should give more weights to those engaging a specific percentage of persons with disabilities.

18.13 SLW informed members that as at 31 March 2013, there were 3 401 government employees with disabilities. He said that the Labour and Welfare Bureau ("LWB") had all along appealed to bureaux/departments to proactively encourage public bodies and subvented organizations under their purview to formulate recruitment policy for persons with disabilities, including giving priority in procuring products and services provided by rehabilitation organizations. As part of the recent initiatives, LWB had mobilized the Government, public and private sector to sign up for the Talent-Wise Employment Charter and Inclusive Organizations Recognition Scheme ("the Scheme") and make collective efforts to further promote the employment of persons with disabilities. SLW further said that the Government welcomed persons with disabilities

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to join the civil service. Specifically, in the recruitment process, applicants with disabilities who met the basic entry requirements for the post would be automatically invited to attend the selection interview/test. An appropriate degree of preference might be given to applicants with disabilities found suitable for appointment. The Government would continue its efforts in promoting the employment of persons with disabilities.

18.14 Dr Fernando CHEUNG expressed disappointment at the small number of employees with disabilities engaged by the government bureaux/departments as well as public bodies and subvented non-governmental organizations. To further promote the employment of persons with disabilities, Dr CHEUNG enquired whether and when the Administration would consider requiring the public and subvented organizations to employ a specified percentage of employees with disabilities.

18.15 SLW responded that it was imperative to change employers' mindset in engaging more persons with disabilities. While the Government would take the lead in recruitment of employees with disabilities, it was noteworthy that the Scheme had received positive response from the public sector and some 170 organizations had signed up for the Scheme.

18.16 Dr CHIANG Lai-wan called on the Administration to conduct a study on the overseas practice of setting up a mandatory employment quota system requiring enterprises to employ persons with disabilities. In response, SLW said that as shown from the relevant studies conducted by the European Commission in 2000 and the International Labour Organization, a mandatory employment quota system had not been proven successful overseas in helping persons with disabilities to secure employment, and that some countries had abolished the quota system. SLW stressed that the prevailing trend was to move away from employment quota system to anti-discrimination legislation and enhance employment support measures for persons with disabilities.

18.17 Mr YIU Si-wing was concerned that a vast number of people living in Tung Chung could not find suitable jobs and needed to rely on the

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Comprehensive Social Security Assistance ("CSSA") Scheme for a living. Pending the operation of the new job centre in Tung Chung, Mr YIU considered that the Administration should work in collaboration with enterprises in the district to enhance the dissemination of employment information and provide financial incentive to able-bodied CSSA recipients so as to encourage them to seek employment.

18.18 SLW responded that LD had collaborated with different enterprises such as the Airport Authority Hong Kong to co-organize large-scale job fairs at Tung Chung to facilitate easy access to employment information and application by job-seekers on the spot. With the setting up of the new job centre in Tung Chung in 2014, LD would be able to better serve job seekers there. SLW further said that a three-year pilot scheme entitled "Incentive Scheme to Further Encourage CSSA Recipients of the Integrated Employment Assistance Programme for Self-reliance to Secure Employment" under the Community Care Fund had been rolled out from April 2014, which aimed to encourage able-bodied CSSA recipients to secure employment and leave the CSSA net.

18.19 Mr TANG Ka-piu noted with concern that only about 16% of new arrival job seekers who had registered with LD for employment services were able to secure employment in 2013, and the corresponding figure for ethnic minorities ("EM") job seekers was about 7%. Mr TANG enquired whether the Administration had conducted track studies in respect of the employment status of the remaining job seekers.

18.20 SLW advised that LD did not keep separate statistics on placements made through direct applications by job seekers to employers who advertised their vacancies through LD. AC for L (ES) added that the Government had all along been committed to providing appropriate employment support and services for EM as well as to encouraging them to find jobs. According to a survey of 545 registered EM job seekers during the period of April to December 2013, 181 EM job seekers out of the 348 respondents (i.e. 52%) had already secured employment. AC for L (ES) said that the Government would continue to provide a wide array of free employment services to EM job seekers as appropriate.

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18.21 Referring to the increasing number of approvals for application for immigration arrangement for non-local graduates from 3 262 in 2009-2010 to 8 119 in 2013-2014, Dr Helena WONG expressed concern about the impact and competition brought about by the non-local graduates to the employment market of the local degree and master degree holders.

18.22 SLW responded that under the prevailing policy, all non-local graduates could apply to the Immigration Department ("ImmD") to stay and work in Hong Kong after graduation. While the unemployment rate for young people aged 15 to 24 was relatively high, SLW drew members' attention to the fact that it was less difficult for young persons aged 20-24 to find employment. He assured members that the Government would monitor closely the employment market for the local youth.

Policies relating to foreign domestic helpers and regulation of employment agencies

18.23 Expressing concern about the employees' rights and benefits of foreign domestic helpers ("FDHs"), Mr SIN Chung-kai enquired about the allocation of additional manpower for the regulation of employment agencies ("EAs") placing FDHs. Given that it was widely reported that some FDH unions had compiled reports on allegation of breaching labour legislation by EAs and FDH employers, including underpayment of wages to Indonesian FDHs, Mr SIN asked whether the Administration would contact the relevant FDH unions or FDHs concerned for more information and conduct follow-up investigation as appropriate.

18.24 Ms Emily LAU shared a similar concern and referred members to media reports on several alleged abuse cases against FDHs by their employers, which had aroused wide public concern. Ms LAU called on the Administration to strengthen its efforts in safeguarding the employees' rights and entitlements of FDHs and enhancing their awareness in this respect. In her view, it was important for the Administration to liaise with the respective Consulate Generals ("CGs") and brought to their attention the problem of huge debt incurred by some FDHs in order to meet the high level of intermediary and training fees charged by the intermediaries in the home countries of FDHs prior to working in Hong Kong. Dr Priscilla

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LEUNG echoed a similar view. Ms LAU sought information on the additional staffing resources for the regulation of EAs.

18.25 Dr CHIANG Lai-wan noted with concern that the number of complaints that the Employment Agencies Administration of LD received against intermediaries placing FDHs had increased significantly from 73 in 2011 to 194 in 2013. Given that all EAs placing FDHs were required to apply for a licence from LD, she enquired how the Administration would enhance its regulatory efforts of EAs so as to protect the rights of FDHs and the employers.

18.26 Dr Priscilla LEUNG expressed concern about the personal safety of FDHs while working in Hong Kong as well as that of the young family members of their employers. Dr LEUNG considered it necessary to enhance FDHs' awareness in this regard.

18.27 Responding to members' concerns, SLW and Commissioner for Labour ("C for L") advised that -

- (a) the Government fully understood the community concerns over the protection of employees' rights and benefits of FDHs following the recent media reports on individual alleged abuse cases against FDHs. The Government took a very serious view of protecting the interest of FDHs and the employers as well as ensuring EAs placing FDHs operating in compliance with the law. LD maintained contacts with FDH unions under the established mechanism and would follow up on non-compliant cases and take out prosecution should there be sufficient evidence. According to the law, employers had to pay their FDHs a salary no less than the prevailing Minimum Allowable Wage;
- (b) the Government would strengthen the publicity and educational efforts to raise FDHs' awareness of their rights and entitlements. For instance, LD would disseminate such information to FDHs through

advertisements in Hong Kong's Indonesian and Filipino newspapers to facilitate FDHs' access to the relevant information as well as staging more information kiosks at FDHs' popular gathering places to screen a publicity video and distribute information packs with useful reference materials while working in Hong Kong;

- (c) the Government encouraged FDHs to report to LD if they considered their rights and entitlements under EO had been infringed. LD was also actively considering requiring those FDHs, who came to Hong Kong for the first time, to attend a briefing to facilitate their understanding of their rights and benefits while working in Hong Kong as well as knowledge of basic OSH at workplace;
- (d) for FDH employers, LD would enhance, through Announcement in the Public Interest on television, the awareness of their rights and obligations under EO. They would be reminded of not being allowed to withhold FDHs' passports or deduct their wages for repaying any intermediary and training fees incurred by them;
- (e) as regards regulation of EAs, LD planned to increase the manpower in 2014-2015, including three additional Labour Officer grade staff, to strengthen the monitoring and inspection of EAs. Where an EA in breach of the relevant legislation was convicted, LD would refuse to renew or revoke the licence of the EA concerned. On the other hand, LD was considering how best to strengthen the existing licensing system with a view to better protecting the interests of both employers and FDHs. Consideration was being given to requiring EAs to maintain contact with the newly-arrived FDHs for a certain period of time and not to engage in loan and financial arrangements with FDHs. After seeking advice

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from the Department of Justice, the Government would consult relevant stakeholders; and

- (f) regarding concerns about EAs' overcharging their fees on FDHs, the Government would continue to urge the FDH-exporting countries to tackle the issue at source. It was understood that such fees had been reduced from some \$21,000 to \$15,000.

18.28 Dr Priscilla LEUNG said that to her understanding, there had been a suggestion in the community for allowing Mainland residents, in particular those from the Guangdong Province who spoke the same language and were of a similar cultural background as most Hong Kong families, to work as live-in domestic helpers in Hong Kong. Dr LEUNG called on the Administration to study the viability of such proposal so as to provide more options of live-in domestic helpers for Hong Kong families.

18.29 SLW responded that according to ImmD, owing to the immigration control reasons, the FDH policy was not applicable to the Mainland residents, whose entry had to comply with the relevant immigration policies. He understood that ImmD had no plan to change the policy.

Standard working hours

18.30 Miss CHAN Yuen-han expressed disappointment that the Administration had departed from the Chief Executive's pledge made in his election manifesto to take forward legislating for SWH. Miss CHAN pointed out that even if Standard Working Hours Committee ("SWHC") was in support of a statutory SWH regime, the Administration would be under a very tight legislative timetable for completing the relevant legislative process within the tenure of the current Government. Miss CHAN took a strong view that further delay in the introduction of the relevant legislation would be detrimental to the labour relation between employers and employees. The Administration should provide an interim report on the work progress of SWHC by the end of the 2013-2014 session.

18.31 SLW advised that the two working groups formed under SWHC, namely "Working Hours Consultation Group" and "Working Hours Study Group" would strive to submit their reports to SWHC by end-2014 for deliberation and formulation of its ensuing work. He assured members that SWHC would adhere to its work plan closely in an objective, holistic and balanced manner, and carry out informed and in-depth discussions on working hours with a view to building consensus and identifying the way forward.

The arrangement of offsetting severance payments and long service payments against Mandatory Provident Fund accrued benefits

18.32 Mr WONG Kwok-hing pointed out that prior to the introduction of the Employment (Amendment) Bill 2014 which sought to provide working fathers with three-day paid paternity leave ("PL"), the Administration had provided male government employees with five days' paid PL. Mr WONG enquired whether the Administration would, in a similar manner, take the lead in abolishing the offsetting arrangement whereby the accrued benefits from the contributions made by the Government as employers to the Mandatory Provident Fund ("MPF") schemes were used for offsetting severance payment ("SP") and long-service payment ("LSP") payable to the non-civil service contract staff, so as to set a good example for the private sector.

18.33 Dr Fernando CHEUNG took the view that the MPF accrued benefits should not be used to offset SP and LSP. He then drew members' attention to the fact that the total amount of MPF accrued benefits used to offset SP and LSP since the inception of the MPF system was some \$20 billion. Referring to Chief Executive's election manifesto, he enquired about the Administration's plan to reduce progressively the proportion of accrued benefits attributed to employers' contribution in the MPF account that could be used by the employers to offset SP or LSP.

18.34 Pointing out that the long-established offsetting arrangement was extended to cover MPF schemes after extensive consultations with employers' associations and employees' unions and balancing all relevant

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considerations, Mr Tommy CHEUNG held the view that abolition of the offsetting arrangement would be detrimental to the Government's credibility.

18.35 Responding to members, SLW said that the Government was aware of the different concerns of the community over the offsetting arrangement. The Government would continue to listen to the views of different sectors and examine the issue in a holistic and careful manner and take into account employers' affordability, in particular that of the small and medium enterprises. Given that a "Study on Retirement Protection in Hong Kong" was being undertaken by the consultancy team led by Professor Nelson CHOW and the consultancy team was expected to submit the final report of the study to the Social Security and Retirement Protection Task Force of the Commission on Poverty for consideration by mid-2014, the Government would consider the issue in a wider context of retirement protection for the elderly.

Legislating for paid PL

18.36 Dr Helena WONG said that the Democratic Party welcomed the introduction of the Employment (Amendment) Bill 2014 regarding the provision of three-day statutory PL. In the light of the proposed duration of PL at three days with pay at four-fifths of the employees' average daily wages, Dr WONG asked about the Administration's plan in respect of providing maternity leave and PL on full pay.

18.37 SLW responded that having regard to the prevailing practice of provision of PL by the private sector on a voluntary basis, and the consensus reached by the Labour Advisory Board ("LAB"), the Government considered the proposed three-day PL an appropriate starting point. The Government would conduct a review of the implementation of PL one year after its commencement. As regards the pay for the statutory PL, SLW stressed that the proposed rate for PL pay was in line with that for statutory maternity leave. As the associated cost was to be shouldered by employers of varying organizational sizes, it was therefore of paramount importance to strike a reasonable balance between the interests of employees and the affordability of employers when proposing changes to employees' rights and benefits. He appealed to members to give their support to the Amendment

Bill so that such family-friendly employment practice ("FFEP") could be implemented at the earliest possible time.

Legislative proposal on compulsory reinstatement and re-engagement

18.38 Mr WONG Kwok-hing welcomed the Administration's plan to take forward the legislative proposal to empower the Labour Tribunal ("LT")/the Court to make a compulsory reinstatement and re-engagement order in cases of unreasonable and unlawful dismissal under EO. Mr WONG and Mr TANG Ka-piu expressed concern about the timetable for introducing the relevant legislative proposal into the Legislative Council.

18.39 SLW responded that the legislative proposal was a complex issue as it had implications on certain legal principles and court procedures. The Government had been actively following up on these matters with a view to finalizing the Bill for introduction into the Legislative Council early in the 2014-2015 legislative session.

Alignment of statutory holidays with general holidays

18.40 Highlighting the disparity of five days between the statutory holidays and general holidays, Dr Fernando CHEUNG expressed concern about the leave entitlement of the grassroots workers, in particular employees of the service sector. He enquired about the plan for the alignment of the statutory holidays with general holidays with a view to standardizing the leave entitlement of all employees and further promoting FFEP.

18.41 SLW explained that statutory and general holidays were two types of holidays with different nature and backgrounds. General holidays, as provided for under the General Holidays Ordinance (Cap. 149), were days on which banks, educational establishments, public offices and Government departments needed not open and they were primarily holidays for the relevant establishments. Statutory holidays were benefits accorded to employees which employers had to provide under EO. SLW further said that LD had commissioned the Census and Statistics Department to collect statistics on the percentage and characteristics of employees taking statutory

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holidays and general holidays in Hong Kong. Relevant analysis was being conducted. After consulting LAB on the subject, the Government would revert to the Panel on Manpower in early 2015.

Manpower development

18.42 Referring to VTC's plan to extend the scope of a pilot traineeship scheme for the service industries to the retail and elderly care services, Mr Tony TSE enquired about the implementation timetable and the number of training places involved. Given the difficulties of staff recruitment and retention in the elderly care services, Mr TSE further enquired about how the Administration could attract the trainees to work in the sector upon completion of the training.

18.43 SLW responded that VTC planned to test out the training-cum-work mode, which had been adopted in the Pilot Traineeship Scheme, in the retail and elderly care services industries in 2014, providing 180 training places for each industry. To attract the younger generation to work as care personnel in the welfare sector and provide them with more employment options and a foundation for career development in elderly care services, a "first-hire-then-train" pilot scheme was introduced through the Lotteries Fund last year. Young people were recruited to provide care services at residential care homes for the elderly and were provided with subsidies to pursue a part-time programme. After completing the programme, they could be promoted to a higher position and pursue further career development in the welfare sector. This pilot scheme had been well received, and the Government had earmarked funding to provide an additional 1 000 places in the coming few years and extend its coverage to the rehabilitation services. The estimated expenditure was approximately \$147 million.

Importation of labour

18.44 Miss CHAN Yuen-han expressed dissatisfaction about LAB's decision made in March 2014 to expedite the process of admitting certain overseas construction workers for 26 trades identified with manpower shortage. To her understanding, there was grave concern of various labour

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unions about the impact and competition brought about by importing such labour.

18.45 Mr Tommy CHEUNG was gravely concerned about the restrictive nature of the importation of low-skilled workers under the Supplementary Labour Scheme ("SLS"). Mr CHEUNG said that only around 10% of the applications for importing skilled employees to the catering sector under SLS in 2013 were approved. It was unfavourable to the business environment of the catering sector.

18.46 SLW said that the objective of SLS was to facilitate the importation of workers at technician level or below to meet the manpower demand in certain industries which had experienced serious difficulties in recruiting local workers. To this end, for each application under SLS, the employer had to first launch a four-week open recruitment exercise to demonstrate his/her sincerity in employing local workers. At present, some 2 900 imported workers, excluding FDHs, were approved under SLS. Mr Tommy CHEUNG, however, remained concerned about the Administration's conservative stance in this regard.

Protecting employees' rights and benefits

18.47 Mr WONG Kwok-hing expressed appreciation of the Administration's efforts in combating employers' wage offences and defaults of awards ordered by LT or the Minor Employment Claims Adjudication Board, as seen in the increase in the number of summonses convicted by court.

18.48 Mr Tommy CHEUNG held the view that the Administration should distinguish non-executive directors from other company directors given that the former did not form part of the executive management team and were therefore not involved in wage defaults. SLW assured members that enforcement action would only be taken against targeted company directors and responsible persons as the offences were committed with their consent, connivance or negligence.

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18.49 In respect of the inspections to workplaces of various industries to detect suspected offences and investigate complaints as conducted by the labour inspectors of LD, Mr POON Siu-ping sought clarifications on the greater number of warnings issued as compared with the number of successful prosecutions taken out in 2013 as well as the reduction in the number of successful prosecutions from 3 365 in 2009 to 1 821 in 2013. Deputy Commissioner for Labour (Labour Administration) ("DC for L (LA)") explained that following the vigorous enforcement actions taken by LD and the buoyant economy in Hong Kong in the past few years, the number of wage and benefit offences had decreased. The decrease in offences was also attributed to the fact that LD took stringent enforcement actions to tackle the problem at source by targeting company directors or responsible persons for committing wage offences.

Employees' compensation

18.50 Referring to the Chief Executive's election manifesto that a special taskforce comprising employees, employers and representative of C for L would be set up to undertake a study on improving protection for workers in high-risk occupations in relation to insurance, compensation for work injuries, therapy and rehabilitation, Mr POON Siu-ping enquired about the work progress in this regard.

18.51 SLW said that an internal working group comprising representatives of the relevant bureaux/departments and organizations was following up on the matter. It was expected that the study would be completed by the end of 2014. The Government would revert to the Panel on Manpower on the subject in due course.

18.52 Given that employees' entitlement of compensation for work injury under ECO would be subject to employers' consent to the relevant injury was arisen out of and in the course of the employment, Mr LEUNG Yiu-chung was concerned that there were cases in which employers did not acknowledge the occupational injuries and LD would refer the cases to the Legal Aid Department ("LAD") for further processing. Under such circumstances, injured workers would need to undergo a time-consuming process and faced considerable financial pressure because of receiving no

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compensation or income to support their livelihood. To expedite the process involved, Mr LEUNG suggested the Administration to liaise with LAD and adopt measures as appropriate to shorten the processing time. For instance, the employers should be required to acknowledge a work injury claim within a specified period of time, say 14 days.

18.53 SLW said that it was understandable that it took time to go through the necessary legal procedures for processing work injury claims. While the injured workers might approach LD for assistance as necessary, the Government would liaise with LAD in respect of the viability of expediting the process involved.

Work Incentive Transport Subsidy

18.54 Noting that the revised estimates of expenditure for the Work Incentive Transport Subsidy ("WITS") Scheme in 2013-2014 was lower than the original estimated expenditure, Mr POON Siu-ping sought information on the actual number of beneficiaries and explanation for the take-up rate which was far below the Administration's original estimation.

18.55 SLW responded that a total subsidy payment of some \$600 million had been made to over 60 000 successful applicants since the inception of the WITS Scheme, including some 25 000 individual-based applicants. The Government would commence a comprehensive review of the WITS Scheme in October 2014, covering its objectives, eligibility criteria, modus operandi and effectiveness.

18.56 Mr TANG Ka-piu sought information on the sustainability of the WITS Scheme with the remaining portion of non-recurrent commitment of \$4,805 million approved for implementing the WITS Scheme should there be no significant change to the operation of the Scheme upon completion of the comprehensive review. SLW said that it was expected that the comprehensive review of the WITS Scheme would take a few months and should be completed by the first quarter of 2015.

Chapter XIX : Food Safety and Environmental Hygiene

19.1 At the invitation of the Chairman, Dr KO Wing-man, Secretary for Food and Health ("SFH") briefed members on the main initiatives and expenditure on the policy area of food safety and environmental hygiene in the new financial year (Appendix IV-17).

Food safety

19.2 Expressing concern about pesticide residues in food such as tea leaves, Mr TAM Yiu-chung enquired about the Administration's work in this regard. SFH advised that the Food Surveillance Programme of the Centre for Food Safety ("CFS") had been conducting regular surveillance on food including tea leaves. Controller, Centre for Food Safety, Food and Environmental Hygiene Department ("Controller, CFS") added that no unsatisfactory samples of tea leaves had been found over the past three years. The Pesticide Residues in Food Regulation (Cap. 132CM), which aimed to strengthen the regulation of pesticide residues in food, would come into operation in August 2014.

19.3 Ms Emily LAU queried whether the Administration had provided adequate resources for ensuring food safety and sought further information on the food surveillance work of CFS. SFH advised that the Food Surveillance Programme consisted of regular food surveillance, targeted food surveillance and seasonal food surveillance, and food samples would be taken at the import, wholesale and retail levels. In 2013, CFS conducted tests on a total of about 65 000 samples, which was a relatively high testing rate when compared with other overseas economies. Notwithstanding the Administration's advice, Ms LAU said that the public was concerned about the safety of food imported from the Mainland. She asked whether the Administration would consider arranging a visit for the relevant Panel to observe the operation of the registered farms in the Mainland that supplied food to Hong Kong. SFH responded that the Administration would consider how to follow up. The Administration also undertook to provide a written reply on the number and details of test cases identified by CFS to be unsatisfactory as compared with those reported by the Consumer Council.

19.4 Mr James TO sought information on the Administration's surveillance on food imported from Japan following the Fukushima nuclear power plant incident in March 2011. SFH advised that the Administration had implemented a set of measures to ensure food safety for food imported

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from Japan. Controller, CFS further elaborated that the Administration had prohibited import of certain fresh produce, milk, milk beverages and milk powder from five affected prefectures of Japan and had carried out targeted radiation testing on food imported from Japan since March 2011.

19.5 Noting that the estimated expenditure of the outsourcing of food testing incurred in 2014-2015 was \$12 million, Dr Helena WONG sought information on the criteria for outsourcing food testing. Government Chemist explained that, starting from 2008-2009, the Government Laboratory had continued to outsource routine food testing work to commercial laboratories so as to release resources for new services, cater for new work arising from the amendments of food regulations, conduct tests for urgent food incidents, etc. A monitoring mechanism had been in place to ensure the performance of these commercial laboratories, including periodic on-site re-assessments, surprise on-site surveillance visits and proficiency testing programmes, etc.

Agricultural development

19.6 Noting that the Administration would review its policy on agricultural development with a view to upgrading the local agricultural industry and promoting sustainable development of agriculture, Mr Vincent FANG expressed worry about the progress made by the Administration in identifying suitable agricultural land for farming. SFH said that the Administration noticed that the agricultural sector in Hong Kong's economy had been shrinking and only a small percentage of agricultural land in Hong Kong was being used for farming. The Administration was currently reviewing its policy on agricultural development with a view to promoting sustainable development of agriculture in Hong Kong, and would conduct consultation on the subject later this year.

19.7 Noting that the self-sufficiency rate of fresh vegetables and the utilization rate of agricultural land in Hong Kong in 2013 were 2% and 16%, respectively, Miss CHAN Yuen-han urged the Administration to expedite its work on agricultural land rehabilitation so that more local agricultural products which were safe and of good quality could be provided to the community. SFH explained that the Agriculture, Fisheries and Conservation Department ("AFCD") had been promoting the rehabilitation of abandoned agricultural land through the Agricultural Land Rehabilitation

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Scheme. Under the scheme, AFCD would identify such farmland and bring the landowners and interested farmers together to work out a rental agreement for leasing out the land.

Prevention and control of avian influenza

19.8 Mr Tommy CHEUNG and Mr Vincent FANG expressed concern about the negative impacts on the local poultry trade, food business and consumers following the suspension of the import of live poultry from the Mainland.

19.9 Noting that the number of staff in CFS deployed for carrying out avian influenza ("AI") surveillance on live poultry imported from the Mainland remained unchanged, Mr Tommy CHEUNG enquired about the proposed increase of financial provision for the relevant work from \$7.2 million in 2013-2014 to \$8 million in 2014-2015. SFH explained that the increased expenditure was related to additional materials required for carrying out additional tests, such as the H7 AI Polymerase Chain Reaction test and H7 AI serological test. In response to Mr CHEUNG's further enquiry about whether the Administration had any plans to introduce H7N9 vaccines, SFH said that the Administration would closely monitor the research and development of H7N9 vaccines in the Mainland and assess in a timely manner the extent to which these vaccines could be applied in Hong Kong.

19.10 In response to Mr FANG's concern about increasing retail price of live chickens in recent months as a result of suspension of import of live chickens from the Mainland, SFH said that the supply of local live chickens would be increased in the next few months as it took time for chicks to grow and the import of live chickens from the Mainland was scheduled to resume in June 2014. It was expected that the retail price of live chickens would be more stable by then.

19.11 Mr Jeffrey LAM sought more information on the Administration's progress on the prevention measures against the spread of the AI virus among imported and local live poultry in the event of an AI incident. SFH advised that, after evaluating various options, the Administration was currently focusing on the preparation and construction works of the proposed check-point at the Government farm in Ta Kwu Ling. Upon resumption of import of live poultry from the Mainland, the Administration

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would follow the existing practice of allowing the delivery of imported live poultry to the Cheung Sha Wan Temporary Wholesale Poultry Market while testing results were pending. In the event of an AI incident and the subsequent closure of the wholesale poultry market, local poultry could be delivered to the retail outlets via the proposed check-point. The proposed check-point was expected to come into operation by the end of June 2014.

19.12 Pointing out that there was increasing population in the vicinity of the Cheung Sha Wan Temporary Wholesale Poultry Market, Dr Helena WONG said that the residents there were gravely concerned about the health risks posed to them. She urged the Administration to expedite its work on relocating the wholesale poultry market. SFH responded that the Administration had the plan to relocate the wholesale poultry market, subject to the availability of a suitable replacement site.

Promoting the development of fishery industry

19.13 Mr TAM Yiu-chung and Mr Steven HO expressed concerns that it became more common for fishermen from the Mainland to commit illegal trawling in the waters of Hong Kong. Mr HO questioned whether adequate manpower and financial resources were provided for enforcement against illegal trawling. Mr TAM urged AFCD to further collaborate with the Police for more effective control on illegal trawling.

19.14 SFH advised that the Administration had allocated additional resources and manpower for combating illegal trawling. Director of Agriculture, Fisheries and Conservation ("DAFC") further advised that AFCD had been collaborating with the Police and the Mainland authorities. To control illegal trawling, regular and targeted patrols were conducted in the waters of Hong Kong, and intelligence from various sources including fishermen's associations was being collected, which would be shared with the Police in order to enhance the effectiveness of the law enforcement action. There were two vessels on patrol duties at present, while two more vessels would be deployed in mid-2014.

19.15 Noting that AFCD had earmarked \$2.2 million for the pilot scheme in 2014-2015 that helped fishermen in switching to eco-tourism, Mr YIU Si-Wing expressed disappointment about the progress made by the pilot programme as the estimated number of eco-tours and target participants remained low. He urged the Administration to put forward

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more effective initiatives for the development of fisheries-related eco-tourism. SFH responded that the Finance Committee had approved the setting up of a \$500 million Sustainable Fisheries Development Fund, and the work of the Fund would include supporting fishermen to switch to eco-tourism. The newly appointed Advisory Committee on the Sustainable Fisheries Development Fund, together with AFCD, would engage stakeholders, including the tourist industry, to study how to promote fisheries-related eco-tourism in a more effective manner.

Columbaria policy

19.16 Mr WONG Kwok-hing, Mr James TO and Dr Kenneth CHAN expressed concern about the shortage of niches in Hong Kong. In response to Mr WONG Kwok-hing's enquiry about the Administration's long-term policy on columbaria, SFH explained that the Administration had adopted a multi-pronged approach to tackle the shortage of niches. In addition to enhancing public columbaria services through the district-based columbarium development scheme, the Administration had encouraged the wider use of environmentally-friendly and sustainable means of handling of cremains including the scattering of ashes in the Gardens of Remembrance or at sea. The Administration would introduce the Private Columbaria Bill to the Legislative Council in the second quarter of 2014 with a view to strengthening the regulation of private columbaria.

19.17 Mr James TO enquired whether the Administration had plans to increase the supply of public niches by building public columbaria in the Mainland. SFH said that the Administration currently had no such plans.

19.18 Expressing support for the Administration's removal of the limit on the number of cremated ashes deposited in a single niche in public columbaria since January 2014, Dr Kenneth CHAN enquired about the implementation details of this new initiative. SFH advised that, as part of the Administration's strategy of increasing the supply of public niches, the restriction on the number of cremated ashes and that on "close relatives" were relaxed to allow an applicant to deposit as many additional sets of cremated ashes that a niche could hold. Director of Food and Environmental Hygiene ("DFEH") added that "close relatives" generally included the spouse, parents, children and sibling of the deceased person whose ashes were the first to be kept in the niche. In considering applications for depositing in the same niche the cremated ashes of a person

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in a close relationship with the first deceased, the Food and Environmental Hygiene Department ("FEHD") would apply flexibility as far as possible to make the best use of existing niches. In response to Dr CHAN's further enquiry, the Administration agreed to provide written reply on how the current level of fee of \$140 for placing each additional urn in an allocated niche was determined, and how much of the cost was being recovered at this level of fee.

Public markets

19.19 Mr Jeffery LAM expressed concern about the high vacancy rates of some public markets managed by FEHD and sought information on the Administration's plan for better utilization of public markets. Mr CHEUNG Kwok-che asked whether the Administration had plans for changing the use of some public markets with a high vacancy rate to the provision of social welfare services.

19.20 DFEH responded that the overall occupancy rate of public markets had been steadily increasing over the past few years, and the Administration had commissioned a consultancy study to improve the operating environment of public markets. Out of the 14 000 public market stalls managed by FEHD, the overall vacancy rate was currently less than 10%. For a few public markets that had disproportionately high vacancy rates, the Administration would consider whether and how to change their use and function. One of the options was to relocate stall operators of these under-utilized public markets from different floors to the same floor, so as to vacate a floor or two for other purposes.

19.21 Noting that the Administration had engaged a consultant to study how to improve the operating environment of public markets, Ms Emily LAU sought information on the purpose and expected outcome of the consultancy study. SFH explained that each public market might have its own unique circumstances, such as the physical facilities required, the competition it was facing from similar retail outlets and the transport network in the vicinity, etc. The consultant was expected to take into consideration all relevant factors and formulate concrete and pragmatic improvement plans.

19.22 Mr Michael TIEN considered that the Administration should not continue to subsidize public market stall operators in the form of

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concessionary rental arrangement as it was not an effective way to utilize public resources. He urged the Administration to review the positioning and functions of public markets and study the possibility of setting up a statutory body to take up the responsibility of managing public markets, so that the patronage in public markets would increase and the public would be supplied good quality commodities at affordable prices. In reply, SFH said that the Administration was open to any recommendations and considered that the issue could be discussed in the relevant Panel.

Environmental hygiene services

19.23 Noting the large number of fixed penalty notices issued to non-resident visitors under the Fixed Penalty (Public Cleanliness Offences) Ordinance (Cap. 570), Mr CHAN Chi-chuen urged the Administration to address the problem of public cleanliness associated with non-resident visitors more effectively. SFH said that the Administration had been making sustained efforts to address the problem, such as spending more on publicizing the relevant regulations to visitors. DFEH added that there were no signs to suggest that the problem was getting worse significantly, as the number of public cleanliness offences committed by non-resident visitors and residents remained relatively stable at about 3 000 and 32 000 respectively over the past three years.

19.24 Expressing concern about the high charges of funeral services, Mr WONG Kwok-hing asked when the Administration would review the terms of the agreement between the Administration and the private operator of the former Hung Hom Public Funeral Parlour. SFH replied that the Administration would conduct the review before the contract with the current operator expired in March 2017.

19.25 In response to Mr WONG's further enquiry about the Administration's plan to introduce new technology so as to improve the work of the Joint Offices for Investigation of Water Seepage Complaints, DFEH said that the Administration would consider using new technology for cases where the source of seepage could not be identified based on non-destructive tests.

19.26 Noting that the overall rodent infestation rate increased to 3.1% in 2013 from 1.7% in 2011, Miss CHAN Yuen-han urged the Administration to improve its work on rodent control. DFEH advised that the estimated

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expenditure on rodent control work in 2014-2015 would be \$154.7 million, and the Administration had been taking a variety of rodent control measures, including strengthening street cleansing, encouraging active participation of the public in anti-rodent work, and strengthening publicity and education programmes in rodent control and prevention.

19.27 Noting that the Administration would review the charges of services relating to environmental hygiene, Mr Tommy CHEUNG expressed concern about the impact on the food business sector and urged the Administration to avoid significantly increasing the fees for food-related business licences and services relating to the food business.

Refuse collection

19.28 Mr WU Chi-wai and Ms Cyd HO suggested that FEHD should take on a greater role in waste management such as recycling and collaborate further with the relevant government departments such as the Environmental Protection Department ("EPD"). Ms HO urged DEFH to consider providing space and staff in each public market to facilitate food waste recycling. In reply, DEFH said that FEHD would consider how to better co-ordinate its work on refuse collection with EPD's work on waste management, particularly in respect of food waste recycling and the proposed scheme on Municipal Solid Waste Charging.

19.29 Mr WU Chi-wai urged the Administration to improve its work on waste management by installing mobile refuse compactors in the refuse collection points, improving the collection service for three-colour recyclable waste collection bins and introducing support measures for biodiesel production plants in Hong Kong. SFH said that the Administration had undertaken to encourage restaurants to pass their used cooking oil to qualified recyclers for recycling into bio-diesel. DFEH added that FEHD would consider the provision of mobile refuse compactor in refuse collection points to meet operational needs where the site situation allowed. FEHD was currently inviting bids for provision of the collection service for three-colour recyclable waste collection bins in the next two years, and new tender terms were introduced to enhance the service.

Animal welfare

19.30 Noting that the Administration had implemented the "Trap-Neuter-Relocation" Pilot Scheme for stray cattle in Sai Kung and Lantau Island since late 2013, Mr LEUNG Chi-cheung sought information on the implementation of the Scheme and asked whether the Administration had plans to collaborate with animal welfare organizations. SFH responded that the Administration's policy was to strike a balance between minimizing the nuisance to the residents and protecting animal welfare. DAFC pointed out that there were diverse and even conflicting views in different sectors of the community on the management of stray cattle. AFCD had engaged an ecological consultant a few years ago to study the nature and magnitude of the problem and to recommend an effective management strategy. In November 2013, it accepted the consultant's suggestion to carry out a pilot scheme whereby a limited number of the stray cattle repeatedly captured on the roads of Sai Kung and Lantau Island, respectively, would be relocated to a location off the main roads in the other district. AFCD would closely monitor the health conditions of the cattle involved, and to engage the local communities, the animal welfare organizations, the District Councils and the rural committees. The pilot scheme would be reviewed in July 2014.

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20.1 At the Chairman's invitation, Dr KO Wing-man, Secretary for Food and Health ("SFH"), referred Members to his speaking note which was tabled at the meeting for details of the main initiatives and expenditure on the policy area of health services for the coming year (Appendix IV-18).

Healthcare expenditure

20.2 Dr KWOK Ka-ki noted that the share of public expenditure under the health policy area in the Estimates of Expenditure as a percentage of the projected Gross Domestic Product ("GDP") had decreased from 3.2% in 2013-2014 to 2.6% in 2014-2015. Holding the view that the earmarked resources were insufficient to meet the increasing healthcare services demand brought about by the ageing population, Dr KWOK considered that the relevant expenditure for 2014-2015 should at the very least be pitched at a level in terms of a percentage of GDP no less than that of 2013-2014.

20.3 SFH advised that there had been a substantial increase in recurrent health expenditure and manpower in the public healthcare sector in recent years. The recurrent Government expenditure on health was \$52.4 billion in the 2014-2015 Estimates, amounting to 17% of the Government's total recurrent expenditure and represented an increase of 5.2% (i.e \$2.6 billion) over the revised estimates for 2013-2014. This apart, measures would continuously be mapped out with a view to meeting the increasing healthcare demand due to the ageing and increasing population.

20.4 Mr SIN Chung-kai noted that the Working Group on Long-Term Fiscal Planning ("Working Group") had examined the impact to be brought about by a 1%, 2% and 2.63% annual increase in recurrent expenditure on health (on top of demographic changes and price changes) from now to 2041-2042 on longer term affordability and fiscal sustainability. He enquired about the Administration's estimation on the required annual growth rate in recurrent expenditure on health services in order to cope with the demand arising from an ageing population.

20.5 SFH advised that as suggested in the report of the Working Group, a structural deficit was projected to surface in the longer term under the three service enhancement scenarios. The vision of the current term of

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Government was to maintain a twin-track healthcare system comprising both public and private sector and strike a balance between the two sectors in order to meet the long-term healthcare needs of the population. The Administration would increase the supply of public healthcare services and facilities on the one hand, and on the other hand implement various public-private partnership ("PPP") programmes and enhance the utilization of private healthcare services by those who were willing and could afford to do so through introducing the Health Protection Scheme ("HPS").

20.6 Dr Fernando CHEUNG asked whether the Administration were taking active steps to move towards privatization of public healthcare services through the roll out of various policies and initiatives to tap the resources of the private sector in the provision of healthcare services. Cases in point included the promotion of private hospital development, the launch of the Elderly Health Care Voucher ("EHV") Scheme to subsidize elders to use primary care services in the private sector, the introduction of the proposed HPS to enhance the use of private healthcare services and a series of PPP programmes. He was concerned that patients with limited economic means could only enjoy fewer choices and healthcare services of a lower quality.

20.7 SFH clarified that the Government had no intention to privatize public healthcare services. It would strike a balance between the public and private healthcare sectors under the dual-track healthcare system in order to meet the long-term healthcare needs of the population. It had also been the Government's public healthcare policy to ensure that no one would be deprived of adequate medical treatment because of lack of means. SFH further said that public sector patients were not required to pay a service fee higher than that of the Hospital Authority ("HA") under many of its PPP initiatives. A case in point was the General Outpatient Clinic Public-Private Partnership Programme. That said, in some cases, patients had to co-pay for opting a fast track service option or those services not covered by the standard fees and charges. For instance, patients who had been on HA's routine cataract surgery waiting list for a specified period could join the Cataract Surgeries Programme, on a voluntary basis, to undertake surgeries in the private sector with a co-payment. This apart, patients who chose to

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use those drugs which were not standard drugs in the Drug Formulary had to purchase the drugs at their own expense.

Development of public healthcare system

Capacity of public healthcare services

20.8 Citing the long waiting time for the accident and emergency ("A&E") services of the Prince of Wales Hospital ("PWH") as an example, Dr CHIANG Lai-wan called on the Administration to map out a long-term plan for the improvement of the public healthcare system. Miss CHAN Yuen-han urged the Administration to adopt a holistic, rather than a piecemeal, approach to address the rising demand for hospital services from the elderly in the face of an ageing population.

20.9 SFH admitted that the long waiting time of various hospital services was unsatisfactory. While there might not be a significant upsurge in the attendance of A&E and the number of admissions, the conditions of patients had become more complicated as many of them were in older age. The introduction of various short-term measures such as opening additional hospital beds to expand the service capacity still could not meet the healthcare demand arising from an ageing population. He however stressed that the current term Government had determination to enhance the service capacity and renew the building facilities of public hospitals to ensure that the medium to longer-term medical needs of the community would be met. In this regard, the Administration had briefed the Panel on Health Services on an overview of the development, redevelopment and expansion plans of public hospitals in July 2013. As regards the medical manpower requirement to meet with the increase in service capacity, SFH advised that there would be an increase in the total number of doctors in 2018-2019 as the number of first-year first-degree places in medicine had been increased by 100 to 420 per year starting from the triennial cycle of 2012. This notwithstanding, the preliminary estimation of the Steering Committee on Healthcare Manpower Planning and Professional Development was that the medical manpower pressure at public hospitals could only be relieved some time after 2020.

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20.10 Dr KWOK Ka-ki remarked that the increased use of Minimally Invasive Surgery ("MIS") technique, which involved more complicated and time-consuming steps, in surgeries might have attributed to the unduly long waiting time of some surgical services. Mr Albert HO raised a similar concern.

20.11 SFH advised that an array of factors, such as the type of operations and the experience of the surgeons, would have a bearing on the time required for minimally invasive operations. For instance, it would be more efficient to adopt the MIS technique in certain orthopaedic surgeries. In response to Mr Albert HO's enquiry as to whether HA had conducted any studies to ascertain the impact of the increasing use of MIS technique in surgeries on the burden of operating procedures, Chief Executive, HA ("CE, HA") replied in the negative. It should however be noted that while the daily number of some operating theatre sessions might be reduced due to an increasing number of minimally invasive operations, there would be a drop in the number of inpatient bed days due to quicker recovery. That said, HA would take the opportunity of redeveloping existing public hospitals, such as the Queen Mary Hospital, to enhance the capacity of surgical services.

20.12 Mr WU Chi-wai enquired about the progress of HA's review concerning the positioning of Our Lady of Maryknoll Hospital ("OLMH"). Given that public A&E services was currently unavailable in the Wong Tai Sin ("WTS") district and the time required for travelling from WTS to other hospitals of the Kowloon Central ("KC") Cluster, he asked whether consideration could be given to allocating additional resources to OLMH for the provision of round-the-clock A&E services in the hospital and where necessary, to refer those patients in serious conditions for treatment in other hospitals.

20.13 SFH advised that public healthcare services provision in WTS and its nearby districts, including the development direction of OLMH, would be considered in the light of the future development of the new acute general hospital in the Kai Tak Development Area and redevelopment of the existing hospitals in the KC Cluster. In his view, OLMH could strengthen its role in the provision of ambulatory care and convalescent services as space constraints and the landscape would limit its development into a

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general hospital. CE, HA supplemented that the development of a clinical services plan for the KC Cluster and the Kowloon East ("KE") Cluster was underway and HA would give heed to the views from and healthcare demand of WTS residents. As regards the suggestion for OLMH to provide 24-hour A&E services albeit its lack of intensive care and surgery facilities and for it to function as a triage and transit point for patients in critical conditions, it should be noted that this might delay the treatment and put patients at risk.

Number of hospital beds

20.14 Referring to an earlier study of the HKGolden50 on the healthcare system in Hong Kong which suggested, among others, the construction of a few new public hospitals to provide more hospital beds in the coming decade so as to meet the anticipated increase in demand for hospital beds in the coming years, Mr SIN Chung-kai asked whether the Administration had planned to do so.

20.15 SFH agreed that there was a need to have a substantial increase in the number of hospital beds in both the public and private sectors so as to meet the rising demand in the next two to three decades. In this regard, there would be around 30% increase in the number of private hospital beds in six to seven years. The planning of a number of public hospital projects to meet the medical needs of the community in the medium and longer term was also underway. For instance, it was proposed that a new acute general hospital with around 2 000 hospital beds should be constructed in the Kai Tak Development Area to cater for the increase in demand for medical services arising from the growing and ageing population of the Kowloon City and WTS districts over the next 20 years. The Administration was also exploring the future expansion of the North District Hospital through optimizing the residual development potentials of the hospital site in order to meet the service demands from the new population of the North East New Territories New Development Area.

20.16 Noting that only four out of the 185 additional acute general hospital beds and all the 20 additional convalescent/rehabilitation beds to be provided by HA in 2014-2015 would be provided in the KE Cluster and

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Kowloon West Cluster respectively, Mr POON Siu-ping enquired about the criteria determining the number of additional hospital beds to be provided in individual hospital clusters. Mr CHAN Kin-por was of the view that additional resources should be allocated for providing more hospital beds regardless of whether HPS was to be implemented in future.

20.17 CE, HA explained that HA would determine the provision of additional hospital beds in different hospital clusters having regard to factors such as the facilities and manpower resources available in the respective hospital clusters, the hospital beds required to deliver the new services, and the hospital beds needed to address specific pressure areas or service gaps as in the case of the New Territories West ("NTW") Cluster. Additional hospital beds would also be available upon the completion of the capital works projects for the redevelopment or expansion of existing hospitals and development of new hospitals.

Allocation of resources among hospital clusters

20.18 Dr KWOK Ka-ki expressed concern that the ratio of inpatient and day-patient discharges and deaths to hospital beds of the NTW Cluster in 2011-2012 was almost 45% higher than that of the Hong Kong West ("HKW") Cluster in the same period. He called on the Administration to address the problem of uneven proportion of patients handled by different hospital clusters. Mr Albert CHAN enquired how HA would make use of the \$13 billion one-off grant for minor works projects to improve the services and facilities of Tuen Mun Hospital ("TMH") of the NTW Cluster which had recorded 79 987 inpatient discharges and deaths in 2013-2014 (up to December 2013) and were the highest among public hospitals. Mr Albert HO asked whether HA would increase TMH's number of operating theatres.

20.19 SFH advised that the Steering Committee on Review of the Hospital Authority had been working in full swing since its set up in August 2013 and had taken on board a review of HA's cluster and resource management systems. Before determining whether resources allocation to hospital clusters should be based on the population size of their catchment districts or workload of hospitals, due regard had to be given to cross-cluster

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utilization of services and centralization of high-end specialized tertiary services at designated hospitals. It could not be ruled out that the Committee would recommend a change in HA's resources allocation system.

20.20 As regards the services and facilities of TMH, SFH advised that HA was exploring the feasibility to construct a new hospital block in TMH to increase its number of operating theatres. The new Tin Shui Wai Hospital in the NTW Cluster, the construction works of which were due to be completed in 2016, would help to relieve the burden of TMH in taking care of the healthcare needs of the Yuen Long and Tin Shui Wai districts. At the request of Mr Albert CHAN, SFH undertook to provide information on the projected total expenditure of individual hospitals for 2014-2015 when available.

Drug Formulary of HA and Samaritan Fund

20.21 Miss Alice MAK asked whether HA's percentage of drug expenditure in its total recurrent operating expenditure, which was projected to be 10.5% in 2013-2014, could be increased to a level on par with that of other jurisdictions which in most cases fell within the range of 13% to 16%. Director (Cluster Services), HA ("D(CS), HA") advised that there had been a double-digit year on year increase in HA's drug expenditure in the past few years. Given that the drug cost varied among jurisdictions, it was difficult to make a direct comparison.

20.22 As regards the financial assessment for drug subsidies under the Samaritan Fund, Miss Alice MAK suggested that HA should make reference to the double-track approach of the Work Incentive Transport Subsidy Scheme under which an applicant could choose to be means-tested either on an individual or household basis. D(CS), HA advised that the practice of using patients' household income in assessing the level of subsidy granted under the Samaritan Fund was in line with other safety nets funded by public money. Efforts had been and would continuously be made to review and, where appropriate, relax the financial assessment criteria of applications for the Samaritan Fund.

Private hospital development

20.23 Holding the view that private hospital development was a complicated issue as it would involve the use of scarce and precious land resources, expansion projects of existing private hospitals and overall healthcare manpower planning, Mr CHAN Kin-por asked whether the Administration would set up a dedicated task force to oversee the development of private hospitals.

20.24 SFH advised that a new private hospital with 500 hospital beds would be developed at one of the four sites originally reserved for private hospital development. Noting the shortfall of private hospital beds to cope with the demand for private inpatient services, the Administration was considering various proposals from different organizations to develop or expand private hospitals, as well as the use of the \$50 billion fiscal reserve earmarked to support healthcare reform to provide loans for non-governmental organizations ("NGOs") interested in operating private hospitals after the introduction of HPS. The Steering Committee on Healthcare Manpower Planning and Professional Development would take into account the manpower requirement of both the public and private healthcare sectors and the impact of the implementation of HPS. The Steering Committee aimed to conclude the review in 2014.

Development of Chinese medicine

20.25 Mr WONG Kwok-hing enquired whether the study on the feasible mode of operation and regulatory details for the establishment of the proposed Chinese medicine hospital would be conducted by the Chinese Medicine Development Committee or its two subcommittees (i.e. the Chinese Medicine Practice Sub-committee and the Chinese Medicines Industry Sub-committee), and whether there was a timetable to finalize the study.

20.26 SFH advised that while the Chinese Medicine Development Committee had yet to conclude its overall study on various issues relating to the direction and long-term strategy of the future development of Chinese medicine in Hong Kong, it had put forth its recommendation to set up the

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first Chinese medicine hospital in Hong Kong for consideration of the Government. As announced by the Chief Executive in the 2014 Policy Address, the Government had accepted the recommendation of the Committee and reserved a site in Tseung Kwan O for this purpose. In the meantime, the Chinese Medicine Practice Sub-committee would continue to conduct studies on matters relating to the mode of operation and regulatory details of the proposed Chinese medicine hospital.

Primary care

Primary care services for women

20.27 Dr KWOK Ka-ki considered it unsatisfactory that women who were neither on Comprehensive Social Security Assistance nor eligible for the EHV Scheme did not enjoy any financial assistance from the Government for seeking private primary care services, such as cervical smear tests and breast cancer mammography screening.

20.28 Director of Health ("DoH") advised that women aged 64 or below could enroll for women health services provided by the three Women Health Centres and 10 Maternal and Child Health Centres operated by the Department of Health ("DH"). Cervical screening service was currently available in all Woman Health Centres and Maternal and Child Health Centres. DH also subvented the family planning services provided by The Family Planning Association of Hong Kong.

Dental care services

20.29 Miss Alice MAK expressed concern about the lack of provision of general dental care services in the public sector for people without means, in particular those vulnerable elderly people who were neither Comprehensive Social Security Assistance recipients nor covered by the programme on outreach primary dental care services for the elderly in residential care homes and day care centres. She asked whether consideration could be given to increasing the publicly-funded undergraduate places for dentists so as to widen the scope of public dental services. Ms Emily LAU expressed similar concern.

20.30 SFH advised that in view of the substantial resources required for provision of public dental services for the whole population, the Government's policy on dental care sought to raise public awareness of oral hygiene and oral health and encourage proper oral health habits through promotion and education targeting at different age groups, in particular children in kindergartens as well as primary school students. Various initiatives had also been introduced in recent years to strengthen the dental services provided for the needy elderlies. In addition to the programme on outreach primary dental care services for the elderly in residential care homes and day care centres, the Community Care Fund had rolled out the Elderly Dental Assistance Programme to subsidize low-income and needy elderlies for receiving dentures and related dental services. The Community Care Fund Task Force had set up a working group to consider expanding the existing eligibility criteria of the Programme progressively with a view to benefiting more needy elderlies in the community. The Government had no plan to expand the scope of public dental services at this stage. In response to Ms Emily LAU's enquiry, SFH replied that it was not common for other jurisdictions to provide public dental services for the whole population.

Colorectal cancer prevention and screening

20.31 Prof Joseph LEE enquired about the estimated number of target participants of the colorectal cancer screening pilot programme which would likely be rolled out in 2015. Miss CHAN Yuen-han urged the Administration to allocate more resources and take proactive measures for prevention and early identification of colorectal cancer.

20.32 SFH advised that a multi-disciplinary task force was formed in January 2014 to oversee the planning and implementation of the pilot programme covering the criteria for participation, screening method, service delivery model and operational logistics. As the task force would need about a year's time to complete the planning and preparatory work, the estimated number of participants would be worked out in due course. SFH stressed that while colorectal cancer had become the most common cancer in Hong Kong, it would be difficult for the public healthcare system to provide colorectal cancer screening services to the whole population of

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those aged 50 or above at this stage given the current resources and manpower constraint. Against this background, the pilot programme would offer faecal occult blood testing to people belonging to specific age groups with higher risk for early identifications of such disease.

Childhood Immunization Programme

20.33 Noting DH's plan to introduce varicella (chickenpox) vaccine into the Hong Kong Childhood Immunization Programme and its estimation that around 58 000 newborns would be eligible to receive the vaccine within the first 12 months of implementation, Prof Joseph LEE was concerned about whether there would be sufficient supply of varicella vaccine to meet the demand as there was a shortage of the vaccine in the market.

20.34 DoH admitted that there was a global shortage of varicella vaccine, adding that DH had been in close communication with the vaccine manufacturers in this regard. Subject to the availability of sufficient supply of the vaccine, DH aimed to introduce the vaccine into the Hong Kong Childhood Immunization Programme in 2014.

Chiropractic care

20.35 Pointing out that research studies conducted in some Western countries had revealed that more people were prone to receiving chiropractic treatment, Mr Paul TSE enquired whether the Administration would consider providing chiropractic care in the public healthcare system. SFH responded that chiropractic was generally viewed as a form of alternative or complementary medicine. In comparison with the development of Chinese medicine which was at present the priority area of work of the Administration, there was a lack of consensus in the community as to whether chiropractic should be included in the public healthcare system.

Elderly health services

Elderly Health Care Voucher Scheme

20.36 Mr WONG Kwok-hing urged the Administration to lower the eligibility age from 70 to 65 for the EHV Scheme. Mr POON Siu-ping raised a similar request, adding that elders aged between 65 and 69 could receive an annual voucher value of \$1,000, instead of \$2,000, to minimize the financial implications of lowering the eligibility age for the Scheme.

20.37 SFH responded that as EHV users were not subject to any means-test, be it income and assets, to enhance the EHV Scheme, priority would be given to increasing the level of subsidy while maintaining the current eligibility requirements. Since the introduction of the Scheme in 2009, the Administration had increased the annual voucher amount from the initial sum of \$250 to \$500 and \$1,000 in 2012 and 2013, respectively, and to \$2,000 in 2014-2015. The Scheme had been converted into a recurrent support programme this year.

20.38 Mr POON Siu-ping noted that among the elders enrolled in the eHealth System, about 337 000 vouchers in excess of the financial ceiling of the EHV Scheme (i.e. \$3,000) were forfeited as at January 2014. He asked whether the Administration could consider introducing measures to remind the elders to make full use of the unspent vouchers closer to the time of forfeiture. SFH responded that given that elders aged 70 or above were not required to pass any means test in order to be eligible for the EHV Scheme, some eligible elders might have no financial need to use the vouchers to subsidize their use of primary care services provided by the private healthcare sector. That said, the Administration would step up publicity of the Scheme to ensure that eligible elderlies would be well informed of the operational details.

20.39 Dr Helena WONG said that to her understanding, some private healthcare service providers were reluctant to participate in the EHV Scheme due to the complexity in handling reimbursement of the health care vouchers using the eHealth System. She asked whether the Administration would look into the reasons for the low participation rate of private

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healthcare service providers, and simplify the operation of the eHealth System so as to encourage the participation of the service providers.

20.40 SFH replied that with the continuous enhancement of the EHV Scheme, both the number of elderly people and healthcare service providers participating in the Scheme had been on the rise. It was expected that the proposed increase in the annual voucher value to \$2,000 in 2014 would encourage the elderly people to make more frequent use of the vouchers for primary care services and hence, providing greater incentives for private healthcare service providers to participate in the EHV Scheme. The Administration would also explore whether the operation of the eHealth System could be further simplified.

Elderly Health Assessment Pilot Programme

20.41 Noting that only 620 elderly people were identified for enrollment in the Elderly Health Assessment Pilot Programme, which aimed to subsidize about 10 000 elderly people aged 70 or above to receive health assessment, during the first six months of the pilot, Prof Joseph LEE cast doubt on how the Administration could meet the targeted number of participants in the following 18 months.

20.42 SFH responded that more time should be given for the two-year Programme, which was launched only in July 2013, to accumulate operating experience. That said, the Administration would examine whether there were ways to increase the participation rate. DoH supplemented that during the first six months of implementation of the Programme, priority was given to the elderly people who lived alone or had not received health assessment before. Starting from mid-January 2014, the nine NGOs providing health assessment under this Programme had stepped up publicity and DH would distribute publicity materials through various social centres for the elderly such as district elderly community centres. It was expected that the Programme could meet its targeted number of participants during the two-year period.

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Elderly Health Centres

20.43 In response to Prof Joseph LEE's enquiry about whether more funding would be provided to enhance the service capacity of the Elderly Health Centres to enable more elderly people to benefit from the health assessment and medical consultation provided by the Centres, DoH advised that additional provision had been earmarked in 2014-2015 and 2015-2016 for creating two clinical teams for the Elderly Health Centres. It was anticipated that each clinical team would handle an additional 2 125 enrolments for health assessment.

Mental health services

20.44 Dr Helena WONG enquired about the measures to be taken to strengthen support for persons with severe mental illness who might need inpatient care. Noting that youth and female were particularly vulnerable to depression and anxiety disorders in view of the increasingly stressful social environment, Dr Helena WONG also enquired about the provision of mental health services for early identification and timely intervention for those in need of support.

20.45 SFH replied that since its setting up in May 2013, the Review Committee on Mental Health had focused its study on, among others, enhancement of services for persons with serious mental illness. Having regard to the Review Committee's recommendations, the Government would increase funding for HA to provide new psychiatric drugs to more patients and expand the case management programme for persons with severe mental illness from 15 to 18 districts in 2014-2015. As regards early diagnosis and treatment for patients with common mental disorders ("CMD"), SFH advised that these patients currently accounted for the largest proportion of cases seeking HA's psychiatric specialist outpatient services and workload in this regard was heavy. The Review Committee would explore whether the roles of allied health professionals and family doctors in providing active intervention for CMD patients could be enhanced to ease the existing bottleneck in these services.

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20.46 Mr Albert HO referred to the Early Assessment and Detection of Young Persons with Psychosis ("EASY") Programme which targeted at young people with first episodic psychosis and enquired about the intensive care provided to these patients in the first three critical years of illness, and the frequencies of follow-up consultations.

20.47 SFH advised that as psychosis typically began in late adolescence or early adulthood, the objective of the EASY programme was to reduce the lag time between the onset of severe mental illness and treatment through detection and treatment of young persons with psychosis at an early stage. The programme emphasized public education to enhance awareness of mental health in the community so that early symptoms of suspected suffers could be detected and cases be referred for early treatment. D(CS), HA supplemented that the service target of the EASY programme had been extended to including patients of older age groups in 2011-2012. Case managers would work with the social services sector, families and where appropriate, schools, to provide support services for mental patients in the community setting. In general, more intensive treatments would be scheduled at the early stage and the frequencies of follow-up would depend on assessment of individual case.

20.48 While expressing support for the direction to focus on community and ambulatory services in the treatment of mental illness, Mr Albert HO was concerned about the progress of the study on the need and feasibility of introducing community treatment order in Hong Kong. SFH advised that the subject would be discussed by the Review Committee on Mental Health at a later stage.

Healthcare manpower

Medical manpower

20.49 Ms Emily LAU asked whether any short-term measures would be put in place to facilitate overseas-trained doctors who were Hong Kong residents to practise in Hong Kong with a view to addressing the current shortfall of medical doctors. In particular, she was concerned about whether the Administration had encountered any difficulties to seek the co-operation

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of the Medical Council of Hong Kong ("MCHK") and the two universities with medical faculties in tackling the issue.

20.50 SFH advised that the Administration had discussed with the two universities and MCHK which had agreed to increase the frequency of the Licensing Examination to twice a year, and consider modifying the examination mode (such as allowing candidates to take the clinical examination using Objective Structured Clinical Examination format) and shortening the required internship training period for those candidates who had passed the Licensing Examination. Consideration would also be given to setting up a resource centre to help candidates to familiarize with the local clinical practices and examination mode. In response to Ms Emily LAU's enquiry, SFH advised that there was presently a shortfall of around 300 doctors in the public healthcare sector. HA had recruited 16 non-local doctors out of the some 230 applicants to practise with limited registration in HA in recent years to address the manpower shortage. CE, HA supplemented that at present, 12 out of the 19 non-local doctors who were approved to practise with limited registration were working in HA. The recruitment of overseas-trained doctors by way of limited registration had partially helped to alleviate the manpower shortage problem.

20.51 Mr James TIEN sought the rationale for requiring HA, when deciding to offer employment to an overseas-trained doctor, to apply to HKMC for limited registration in respect of the applicant. He further asked whether consideration could be given to increasing the number of lay members in MCHK.

20.52 SFH advised that the Medical Registration Ordinance (Cap. 161) had empowered MCHK to approve individual applications of overseas medical practitioners for limited registration. The composition of MCHK was also governed by the Ordinance. On Mr James TIEN's enquiry as to whether proficiency in Chinese language was a requirement for practice with limited registration, D(CS), HA replied in the negative. That said, with the exception of those specialties where face-to-face communication with patients was rare (such as the specialties of Anaesthesia and Radiology), higher proficiency in Cantonese would be conducive to communication with local patients.

20.53 In response to Dr KWOK Ka-ki's enquiry about the measures to address the shortfall of doctors in the specialty of Anaesthesia, SFH advised that despite HA's efforts to recruit more non-local doctors with limited registration, there remained a shortfall of doctors in this specialty. There was a view in the Steering Committee on Review of the Hospital Authority that in the longer term, consideration could be given to empowering the HA Head Office to take on the responsibility for allocating new doctor positions and future staff deployment after having taken into account the service needs of different specialties among hospital clusters.

20.54 Mr James TO queried HA's undue delay in concluding the investigation of the Independent Review Committee on a case related to the temporary suspension of the clinical rights of a veteran cardiologist of PWH in performing certain cardiological interventions. Referring to the investigation by The Hong Kong Medical Association on the same case which only took two months to conclude, Mr James TO considered that HA's delay in handling the case would deprive patients in need of cardiology service an access to treatment by veteran cardiologists.

20.55 SFH agreed that doctors' expertise and experience was a precious asset. To his understanding, HA had made enquiry with The Hong Kong Medical Association regarding the latter's inquiry procedure upon which its conclusion on the case was made. SFH said that while the Administration should not intervene in the Independent Review Committee's investigation, it had kept in view the handling of the case by HA and there was no cause for concern that the case had been stalled. He stressed that procedural justice should be the prime concern and not be hampered at the expense of expediency. CE, HA supplemented that HA would take heed to finalizing the outcome of the investigation at the earliest possible time. At present, PWH's provision of cardiology service remained normal.

Nursing manpower

20.56 Prof Joseph LEE noted that among the 980 nurses who had left HA in 2013, around 500 were junior staff who had joined HA for no more than five years. He surmised that the existing high nurse-patient ratio of

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around 1:12 might be attributed to the high wastage rate of junior nurses and asked what measures would be taken to retain nurses in public hospitals.

20.57 SFH responded that the Steering Committee on Review of the Hospital Authority had met with staff members of individual hospital clusters to gauge their views on the operation of HA through meetings and forums. While the Steering Committee would need more time to complete its review, HA would take immediate action to improve staff retention and address the concerns raised by its nursing staff on remuneration, training opportunities and career development.

Health Protection Scheme

20.58 Mr CHAN Kin-por said that the insurance industry held the view that the Administration should allow co-existence of a regulated market segment under the aegis of HPS and an unregulated market segment where product offering was not bound by minimum requirements on product design so as to give consumers more choices. That said, he welcomed the Administration's clarification that the Consultant's estimation that the HPS Standard Plan would bring about a 9% increase in annual premium over the average premium of existing individual-based indemnity hospital insurance policies (ward level) was for illustrative purpose and the actual premiums of the Standard Plan would be set by individual insurers having regard to factors such as their pricing strategy and risk profiles. He urged the Administration to include the above clarification in the future public consultation document on the detailed proposals for HPS. SFH took note of Mr CHAN's view.

Regulation of cosmetic services

20.59 Dr Helena WONG asked whether the Administration would consider formulating a regulatory regime for the beauty industry to ensure the safety of the customers receiving cosmetic services and, if so, what consultation efforts would be conducted to collate the views of the beauty industry sector and relevant stakeholders.

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20.60 SFH advised that the Administration adopted a risk-based approach focusing on those procedures or treatments that were intrinsically risky and would cause considerable harm to clients if not properly administered by qualified personnel. In this regard, the Administration had implemented the recommendations put forward by the Working Group on Differentiation between Medical Procedures and Beauty Services, which was set up under the Steering Committee on Review of the Regulation of Private Healthcare Facilities, that certain cosmetic services with inherent risk should be performed by registered medical practitioners or dentists. Concerning cosmetic procedures involving the use of medical devices, the Administration planned to introduce a new regulatory regime for medical devices and would revert to the Panel on Health Services on the way forward. As regards the qualifications of beauty practitioners providing ordinary beauty services, SFH advised that industry-led accredited training and education for the purpose was already in place.

Tobacco control

20.61 Mr Paul TSE enquired about the effectiveness of the existing smoking cessation services, and the manpower and expenditure of the Tobacco Control Office in 2014-2015.

20.62 DoH advised that the smoking cessation rates of smokers using the smoking cessation services provided by the subvented NGOs as well as those provided by DH both stood at around 30%, which were comparable to international experience. While there would not be any increase in the manpower of the Tobacco Control Office in 2014-2015, there would be an increase in the total subvention to NGOs for the provision of smoking cessation and related services in 2014-2015.

Easy-Access Transport Service

20.63 Dr Fernando CHEUNG pointed out that the point-to-point transfer services between homes and public hospitals provided by the Easy-Access Transport Service under HA and the Rehabus services under the subvention of the Labour and Welfare Bureau for elderly patients aged 60 or above with minor mobility-disability and persons with disabilities respectively were

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both operated by the Hong Kong Society for Rehabilitation. He suggested that in case an elderly and a person with disability from the same family had to attend medical appointments at the same public hospital at around the same time, the Society should be given the flexibility to deploy one bus, instead of two buses under the current requirement, for better utilization of resources. SFH said that HA would follow up the matter with the Labour and Welfare Bureau.

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21.1 At the Chairman's invitation, Mr Eddie NG, Secretary for Education ("SED") briefed members on the main initiatives and expenditure on the policy area of education for the coming year (Appendix IV-19).

Kindergarten education

21.2 Noting that in recent years, an increasing number of kindergartens had withdrawn from the Pre-primary Education Voucher Scheme ("PEVS"), Mr Tommy CHEUNG was concerned that parents of children attending non-PEVS kindergartens could not benefit from the subsidy under PEVS. In his view, the withdrawal of kindergartens from PEVS reflected a strong need to review the funding model currently adopted under PEVS.

21.3 Deputy Secretary for Education (3) ("DS(Ed)3") advised that the Committee on Free Kindergarten Education ("the Committee") and one of its subcommittees were studying various issues related to the funding model that could enable the greatest number of kindergartens and eligible students to benefit from free kindergarten education. The Committee would make reference to the statistical information on PEVS and the views of different stakeholders.

21.4 Noting that the average annual school fees of PEVS-kindergartens and non-PEVS kindergartens in the 2013/2014 school year were as high as \$38,000 and \$99,000 respectively, Dr Kenneth CHAN questioned whether the increase in voucher subsidy of PEVS by \$2,500 per year in the 2014/2015 and 2015/2016 school years could alleviate the financial burden of parents.

21.5 In this regard, DS(Ed)3 said that kindergartens under PEVS were required to set their school fees at a level not exceeding the ceiling determined by the Administration. The amount of school fees in excess of the voucher subsidy paid by parents of children attending PEVS-kindergartens had dropped gradually to the level of about \$4,000 a year on average.

21.6 Dr Kenneth CHAN noted that in 2013-2014, the Committee had conducted three overseas duty visits costing \$0.75 million and organized an

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international forum at a cost of \$1.31 million. However, he expressed serious concern about the lack of progress in the work of the Committee, as reflected in its report submitted to the Government in December 2013.

21.7 In response, SED said that due to the intricacy of the issues involved, the Committee would need time for its study. However, pending completion of the review, it was pre-mature to make public the views and findings of the Committee at this stage.

Primary and secondary education

Issues related to cross-boundary students

21.8 In view of the increase in cross-boundary students coming to study in Hong Kong in recent years, Mr LEUNG Che-cheung enquired whether the Administration had estimated the expenditure for the provision of school places and support services for cross-boundary students, as well as examined the option of operating or subsidizing schools which offered "Classes for Hong Kong Children" in Shenzhen.

21.9 Permanent Secretary for Education ("PS(Ed)") highlighted that as a result of the implementation of the "zero delivery quota" from 2013 for Mainland expectant mothers whose husbands were not Hong Kong residents, the demand for school places from cross-boundary students would gradually decline. The number of locally-born children whose parents were not Hong Kong residents returning to Hong Kong for education, including those being cross-boundary students, was expected to drop in a few years' time.

21.10 Deputy Secretary for Education (4) ("DS(Ed)4") said that the idea of providing subsidy to schools which offered "Classes for Hong Kong Children" in Shenzhen would require careful study as complicated issues and far-reaching implications were involved, including the feasibility and sustainability of the proposal, policy on welfare portability, school management, qualifications of teachers, etc. The Administration had to obtain more information in order to have objective and thorough analyses of the proposal.

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Small class teaching

21.11 Given that small class teaching ("SCT") was implemented in primary schools, Mr IP Kin-yuen referred to his written question requesting a breakdown by districts on the number of primary schools which had been allocated additional students per Primary One class under the Primary One Admission System. As the Education Bureau ("EDB") had only provided relevant information in respect of the North District, Mr IP said that information for the other districts should also be provided after the meeting.

21.12 Mr IP Kin-yuen noted that according to the reply provided by the Administration, SCT was conceptually a kind of teaching setting or grouping driven by pedagogical considerations. He did not subscribe to the Administration's view, and highlighted that the implementation of SCT should be underpinned by a relatively small class size to bring about greater effectiveness in teaching and learning.

21.13 Deputy Secretary for Education (2) ("DS(Ed)2") explained that some overseas studies on SCT had referred to the number of students per class as one of the main characteristics of SCT. However, implementation of SCT would in fact involve not only a reduction in class size but also other pedagogical considerations, in particular teaching strategies. It was noted from overseas studies that SCT was more effective when students were young and its effectiveness tended to wane as students grew up. While SCT was being implemented in public sector primary schools in Hong Kong, whether it should be implemented in secondary schools was still inconclusive. In this regard, it was also worth noting that under the New Senior Secondary Curriculum, it was common for secondary schools to divide students into groups for the teaching and learning of certain subjects at senior secondary levels.

Support measures for non-Chinese speaking students in learning Chinese

21.14 Ms Claudia MO noted that starting from the 2014/2015 school year, an annual provision of \$200 million would be allocated for stepping up the education support for non-Chinese speaking ("NCS") students. EDB had also planned to provide the "Chinese Language Curriculum Second

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Language Learning Framework" ("the Learning Framework") in the 2014/2015 school year. She enquired whether the Administration would develop a "Chinese as a second language curriculum and assessment" for NCS students in the long run in response to strong public concerns.

21.15 Deputy Secretary for Education (5) ("DS(Ed)5") explained that the Learning Framework was developed from the perspective of second language learners. It adopted a progressive "small-step" learning approach and would provide a systematic set of learning objectives and expected learning outcomes that described the learning progress of NCS students at different learning stages. NCS students were expected to make steady learning progress with a view to bridging over to mainstream Chinese Language classes. Besides, starting from the 2014/2015 school year, an Applied Learning (Chinese Language) subject pegged at the Qualifications Framework ("QF") Levels 1 to 3 would be provided by stages at senior secondary levels for NCS students.

21.16 Ms Claudia MO stressed the need to develop a "Chinese as a second language curriculum and assessment". Noting that the implementation details of the Learning Framework would be finalized in April 2014, Ms Claudia MO sought confirmation on whether measures to support schools would be introduced to tie in with the provision of the Learning Framework in the 2014/2015 school year. DS(Ed)5 advised that complementary measures to support schools would be introduced. Relevant briefings and trainings would be provided for schools and teachers to facilitate the implementation of the Learning Framework in September 2014.

21.17 In reply to Ms Starry LEE's enquiry on details of teachers' professional development programmes, PS(Ed) advised that with effect from the 2013/2014 school year, all schools admitting 10 or more NCS students were provided with additional recurrent funding to enhance the support for NCS students in learning Chinese Language, including some 120 schools which were not the former so-called "designated schools". Teachers of these schools were encouraged to attend the professional development programmes to enhance their pedagogical knowledge and skills in teaching NCS students Chinese language.

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The subject of Liberal Studies

21.18 Dr Priscilla LEUNG expressed her concern about the breadth and depth of the curriculum of the Liberal Studies ("LS") subject. She considered that students should not be required to answer all the questions in the LS examination paper of the Hong Kong Diploma of Secondary Education ("HKDSE") Examination. Instead, they should be provided with multiple questions to choose from. She also suggested that more teaching materials should be provided for teachers and higher weighting should be given to the independent enquiry study in the assessment of the LS subject.

21.19 DS(Ed)5 said that the collection of views and discussions on curriculum and assessment issues regarding LS subject were ongoing measures under the medium-term review of the New Academic Structure launched in October 2013. On the suggestion of making adjustments to assessment requirements, DS(Ed)5 advised that the medium-term review aimed to streamline the Independent Enquiry Study (School-based Assessment) in the Public Assessment for Liberal Studies and to revise the curriculum and assessment framework with a view to maintaining a broad and balanced knowledge base for the subject. The Web-based Resource Platform for the LS subject had also been set up for the use of LS teachers.

Information technology infrastructure in schools

21.20 Mr Charles MOK noted that the Administration had obtained funding approval to launch a trial scheme under which a one-off grant of \$35 million would be provided to about 100 public sector schools and local schools under the Direct Subsidy Scheme ("DSS") to enhance or top up their information technology ("IT") infrastructure so as to set up the necessary WiFi environment in their school premises for use of e-textbooks or more e-learning resources in class in the 2014/2015 school year for the promotion of e-learning. He was concerned that this trial scheme might widen the digital divide as those schools with relatively high IT-readiness would be provided with further funding whereas schools lagging behind in their IT capacity would not receive additional support. Mr MOK also sought

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information on the selection of the 100 schools under the trial scheme.

21.21 DS(Ed)5 informed members that about 170 applications had been received under the trial scheme. Among the 100 schools selected under the scheme, 20 schools had admitted students from disadvantaged background. All the selected schools were comparable in terms of their readiness for e-learning. SED further advised that the Administration would soon launch a public consultation on the "Fourth Strategy on Information Technology in Education". One of the key measures was the phased provision of WiFi facilities for all the 1 000 public sector schools and local schools under DSS, which would be taken forward after passage of the Appropriation Bill 2014.

21.22 Referring to EDB's proposal to build an online integration services platform for the application of various services including e-textbooks and e-learning resources, Mr SIN Chung-kai pointed out that cloud computing was not merely the upgrading of IT infrastructure in schools by installing WiFi facilities and servers. He enquired whether the Administration had any plan to fully utilize cloud computing technology.

21.23 SED advised that cloud computing technology would be one of the major issues to be considered in the upcoming public consultation on the "Fourth Strategy on Information Technology in Education". In taking forward this matter, the Administration would maintain close communication with the education and the IT sectors. Meanwhile, the phased provision of WiFi facilities for all the 1 000 public sector schools and DSS schools would be conducive to more diversified teaching and learning.

Mainland exchange programmes and national education

21.24 Mr LEUNG Kwok-hung enquired about the reason for the drop in the number of secondary and primary school students who had received subsidies to join the Mainland exchange programmes ("MEPs") in the 2012/2013 school year and the reason for the rebound in the number of students in the 2013/2014 school year.

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21.25 In reply, Principal Assistant Secretary for Education (Quality Assurance and School-based Support) ("PAS(QASBS")) explained that the drop in the number of students subsidized to join MEPs in the 2012/2013 school year was partly due to the prolonged tendering process. As a result, the application procedures could only be notified to schools by the end of November 2012 when the school year had already commenced. In addition, the confirmed human cases of Avian Influenza A (H7N9) in the Mainland had also discouraged participation in MEPs. In the 2013/2014 school year, student participation returned to its normal level and additional MEP places were offered to meet the policy target as set out in the 2010-2011 Policy Address.

21.26 Mr LEUNG Kwok-hung further enquired about the expenditure, if any, on national education after the Government had revised its policy on the Moral and National Education ("MNE") subject in September 2012. DS(Ed)5 advised that to facilitate the implementation of school-based MNE curriculum, the Government had disbursed a one-off cash grant of \$530,000 in August 2012 to each public sector school and DSS school for use on any MNE-related activities.

All-round development of students

21.27 Mr WONG Kwok-hing said that according to the findings of a recent survey, parents tended to place great emphasis on their children's academic performance at the expense of their all-round development. DS(Ed)4 highlighted that the Administration had all along attached great importance to parent education which was promoted through home-school co-operation activities. The Committee on Home-School Co-operation and the committees at district level would advise EDB and other government departments on strategies to promote positive parental involvement in the education of their children.

21.28 While supporting the proposed enhancement in life planning education for senior secondary students, Mr WONG Kwok-hing enquired about details of the enhancement measures.

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21.29 SED advised that life planning education was an ongoing service in secondary schools. The Administration would work in collaboration with various stakeholders including the schools, service providers and the business sector. DS(Ed)4 said that the recurrent expenditure on implementing life planning education was about \$255 million.

Issues related to the teaching force

21.30 Referring to the information on the number of public sector secondary schools provided with additional teachers for supporting academic low achievers and the number of additional teachers provided from the 2009/2010 to 2013/2014 school years, Mr Frankie YICK noted that while the number of such schools remained stable throughout the years, the number of additional teachers provided had dropped gradually from 707 in 2009/2010 to 592 in 2013/2014. He enquired about the reasons for the gradual drop.

21.31 DS(Ed)3 advised that additional teachers were provided to schools based on the actual number of students with low academic performance enrolled. The drop in the number of additional teachers provided in the past few years might be due to the decline in secondary student population as a whole, which had also resulted in a corresponding decrease in the number of academic low achievers enrolled in individual schools.

21.32 Noting that computer/information and communication technology ("ICT") courses in primary and secondary schools were mostly taught by teachers of other subjects, Mr Charles MOK asked whether the Administration had any plan to improve this arrangement by creating the dedicated post of IT Coordinator in each school and specifying the professional qualifications or training required of teachers of computer/ICT courses.

21.33 DS(Ed)5 said that the Administration was fully aware of the rapid developments in IT. Schools were encouraged to deploy their resources flexibly to procure IT services according to their needs. In connection with the consultation on the "Fourth Strategy on Information Technology in

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Education", the Administration would continue to explore how recurrent resources could be deployed to achieve optimal outcomes.

21.34 Ms Starry LEE noted from SED's opening remarks that the estimated unit costs of secondary and primary school places would increase substantially in 2014-2015. On the significant increase in unit cost for an aided secondary school place in 2014-2015, Ms LEE asked whether the increase was attributable to the expenditure on teachers' salary or to the decline in secondary student population.

21.35 Deputy Secretary for Education (6) ("DS(Ed)6") explained that the unit cost for an aided secondary and primary school place was calculated with reference to the total amount of government funding provided to aided secondary schools and primary schools, respectively, and the total number of students attending the respective type of schools. Teachers' salary accounted for about 80% of the cost of a place in aided school.

21.36 Miss CHAN Yuen-han expressed concern about the difference in salary scales for teachers possessing the same qualifications. For instance, university graduates employed as Graduate Masters or Certificated Masters in public sector schools were remunerated on different salary scales. In view of such differences, Miss CHAN considered that the Administration should review teachers' salary scales.

Post-secondary education

Provision of post-secondary places

21.37 Dr Kenneth CHAN noted that in the 2013/2014 academic year, a total of 16 250 candidates of HKDSE Examination who had met the general entrance requirements were not admitted to University Grants Committee ("UGC")-funded first-year-first-degree ("FYFD") programmes. Meanwhile, the number of local students admitted to UGC-funded FYFD programmes through the non-Joint University Programmes Admission System ("non-JUPAS") route had been on the increase in recent years. He also referred to the problems of under-enrolment faced by a number of self-financing post-secondary institutions and the high level of tuition fees

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for many self-financing post-secondary programmes. Dr CHAN was of the view that the Administration should address problems related to the provision of post-secondary places holistically.

21.38 Secretary-General, UGC ("SG, UGC") said that the higher education sector in Hong Kong was highly diversified. To provide multiple entry and exit pathways, the annual intake of senior year undergraduate places in UGC-funded institutions would be further increased by 1 000 per annum starting from 2015/2016 and during the following planning triennium.

21.39 In the wake of the over-enrolment of certain sub-degree programmes offered by UGC-funded institutions in the 2012/2013 academic year, Mr MA Fung-kwok expressed concern about the Administration's regulatory role over the student intake by the self-financing arms of these institutions as well as the high tuition fees charged for the study programmes. He was also concerned whether the over-enrolment by UGC-funded institutions had incurred additional public expenditure.

21.40 DS(Ed)1 noted that there had been isolated incidents of over-enrolment to self-financed programmes in the double cohort year of 2012. Currently, UGC-funded institutions were allowed to admit students to their sub-degree programmes slightly above their approved student number provided that the quality of programmes would not be compromised. Meanwhile, EDB had worked in collaboration with the Committee on Self-financing Post-secondary Education and relevant quality assurance bodies to implement measures to ensure that the application and admission arrangements would be conducted in an orderly and efficient manner. While individual institutions had the autonomy in setting tuition fees, the Administration had requested self-financing post-secondary institutions to take measures to enhance the transparency of their tuition fees and other financial aspects.

Admission of non-local students to publicly-funded postgraduate programmes

21.41 Noting that in recent years, non-local students accounted for over

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70% of all students on UGC-funded research postgraduate programmes, Dr Helena WONG was gravely concerned about the resources available for local postgraduate students. She requested the Administration to provide a written response after the meeting on whether consideration would be given to setting a cap on the admission of non-local students to UGC-funded postgraduate programmes, adopting different modes of subvention for local and non-local postgraduate students, and providing incentives for local students to pursue postgraduate programmes in local universities.

21.42 Mr CHAN Chi-chuen shared similar views. He further said that the intake of a large number of non-local students, in particular Mainland students, had somehow caused certain programmes to be conducted in Putonghua instead of English. Mr CHAN urged the Administration/UGC to pay attention to these developments.

21.43 SG, UGC explained that although there was a high percentage of non-local research postgraduate students from the Mainland, admission to UGC-funded institutions was based on merits rather than the place of origin. Nevertheless, it should be noted that there had been an increase in the number of meritorious local students and international students pursuing research postgraduate programmes, such as through the Hong Kong PhD Fellowship Scheme. On the medium of instruction, SG, UGC said that as specified by some institutions, candidates for their PhD programmes were required to pass an English proficiency test.

21.44 Mr Albert CHAN was gravely concerned about the growing presence of Mainland students pursuing UGC-funded postgraduate programmes and urged the Administration to put in place measures to ensure that local students would not be disadvantaged as a result. In response, SED highlighted that it was a common practice in the international academic community to boost research capability through attracting high quality talents from around the world. Local students would also benefit from greater internationalization.

21.45 PS(Ed) also stressed that admission to research postgraduate programmes was based on merits in terms of academic performance and research capability. On the admission of local students, she informed

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members that the number of local students applying for admission to UGC-funded research postgraduate programmes was lower than that of non-local students. She further pointed out that in the 2012/2013 academic year, about 25% of the applications for admission to UGC-funded research postgraduate programmes by local students were successful, while the success rate for applications from non-local students was only about 10%.

21.46 Notwithstanding the Administration's explanation, Mr Albert CHAN expressed his strong dissatisfaction over the prevailing policy on higher education which he considered heavily tilted in favour of students from the Mainland.

New initiatives announced in the 2014 Policy Address

21.47 Referring to the proposed subsidy scheme to subsidize up to 1 000 students per cohort to pursue self-financing undergraduate programmes in selected disciplines for the purpose of nurturing talents for industries in keen demand of labour, Mr YIU Si-wing enquired whether programmes on tourism and culinary art would be included as some of the selected disciplines.

21.48 Deputy Secretary for Education (1) ("DS(Ed)1") said that an inter-departmental forum comprising EDB and relevant bureaux was working on the implementation details of the new subsidy scheme, including the eligibility for subsidy and the disciplines to be selected, etc. Industries facing a keen demand for manpower were welcomed to forward their views to the respective policy bureau(x) for consideration.

21.49 Referring to the Mainland University Study Subsidy Scheme ("MUSSS"), Mr IP Kwok-him sought further explanation on the financial assistance to be provided.

21.50 PS(Ed) advised that only students studying in Mainland institutions under the Scheme for Admission of Hong Kong Students to Mainland Higher Education Institutions ("Admission Scheme") would be eligible to apply for MUSSS. The means test as currently applicable to financial assistance for secondary students with two tiers of assistance

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would be adopted for MUSSS. The subsidy of up to HK\$15,000 (i.e. about RMB 12,000) per year under MUSSS should be sufficient to cover the tuition fees of the programmes offered by the 75 participating institutions under the Admission Scheme.

Student hostel projects

21.51 Noting that 12 student hostel projects of the UGC-funded institutions were under planning, Mr MA Fung-kwok enquired about the timetable for taking forward these projects. DS(Ed)1 advised that the Administration would follow the established procedures and work closely with the institutions concerned to seek the necessary funding support. At this stage, there was no concrete timetable yet for these projects.

Integrated education and special education

21.52 Ms Emily LAU noted with concern that during the last five school years, the number of students with special educational needs ("SEN students") who had transferred from public sector mainstream schools to special schools greatly outnumbered those who had transferred vice versa. She was concerned about the underlying reasons for this and whether sufficient resources had been provided to mainstream schools for supporting SEN students.

21.53 PS(Ed) highlighted that the right of SEN students to education was already safeguarded under existing legislation. However, parental choice was a crucial factor in the placement of students. DS(Ed)3 further explained that under the existing arrangements, EDB would, subject to the assessment and recommendation of specialists and the consent of the parents, referred students with more severe or multiple disabilities to special schools for intensive support services. Other students with relatively mild level of disabilities or impairment would be placed in mainstream schools. There had been cases where parents would prefer to enrol their children in mainstream schools despite professional recommendation that their children would benefit from education in special schools. If these children could not adapt to mainstream schools, arrangement would need to be made for their transfer to special schools. Some students studying in mainstream

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schools might need to be transferred to special schools due to severe impairment from injuries or diseases.

21.54 On support for SEN students, DS(Ed)3 advised that mainstream schools were provided with additional resources including the Learning Support Grant ("LSG"), additional teachers, as well as professional support such as educational psychology service and professional training for teachers.

21.55 Mr IP Kwok-him referred to the study completed in the 2011/2012 school year to evaluate the effectiveness of the School-based Educational Psychology Services ("SBEPS"), and enquired about its findings, the number of cases and how they had been handled.

21.56 DS(Ed)3 advised that, according to the findings of the study, SBEPS had been effective in providing support to SEN students. In the 2013/2014 school year, SBEPS covered more than 60% of public sector schools. The Administration planned to extend SBEPS progressively to cover all public sector primary and secondary schools by the 2016/2017 school year. Educational psychologists ("EPs") of EDB had been monitoring and performing quality assurance of the SBEPS as part of their work. Other officers of EDB also visited schools regularly to monitor the support for SEN students. The support rendered to schools by SBEPS encompassed the school system, teacher support, and student support levels. The Administration did not have specific statistics on the number of cases handled since handling individual student cases was only part of the services provided under SBEPS.

21.57 Given that the number of public sector primary and secondary schools receiving SBEPS had increased by over 50% from the 2009/2010 to the 2013/2014 school years, Mr Frankie YICK enquired about the average service hours that an EP could allocate to each school and whether the provision of LSG up to \$1.5 million a year would be sufficient for a school to procure the necessary services if it had admitted some 100 SEN students.

21.58 SED pointed out that the progress of extension of SBEPS would be subject to the availability of professional EPs. DS(Ed)3 advised that

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currently, under SBEPS, one EP would serve six to ten primary/secondary schools. Priority would be given to those schools admitting a relatively large number of SEN students.

21.59 Dr Fernando CHEUNG noted with concern that 45 schools had accumulated a surplus in excess of 30% of the 12 months' provision of LSG at the end of the 2011/2012 school year or the 2011-2012 financial year and the surplus amount had been clawed back to the Government. He asked whether EDB had examined why these schools had not fully utilized LSG.

21.60 In response, DS(Ed)3 explained that the under-utilization might be due to the differences in administrative and accounting procedures for various types of purpose-specific grants, procuring services at a cost lower than the original estimate, longer time taken in the tendering process or unsuccessful tendering exercises, etc. EDB would follow up with the schools concerned on how best to deploy relevant resources including LSG.

21.61 Dr Fernando CHEUNG was concerned that among the full-time students enrolled in UGC-funded sub-degree and undergraduate programmes in the past five academic years, only 0.3% of them were SEN students. He considered it necessary to examine the difficulties faced by SEN students in seeking admission to post-secondary institutions. On support measures implemented by the post-secondary sector, PS(Ed) referred to initiatives such as the Youth College established by the Vocational Training Council ("VTC") in the 2012/2013 academic year to provide dedicated support for SEN students in pursuing professional training opportunities. Under JUPAS, a special mechanism had been put in place for considering applications for admission by SEN students.

21.62 Ms Starry LEE expressed her concern about the professional training for teachers to support SEN students and enquired whether support would be extended to them, particularly those in kindergartens. In reply, SED and PS(Ed) advised that the Committee would look into issues related to enhancing support for catering for student diversity.

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Vocational education

21.63 Referring to the proposed establishment of an endowment fund of \$1 billion in 2014-2015 to support the sustainable development and implementation of QF ("QF Fund"), Mr TAM Yiu-chung enquired about details of its utilization.

21.64 PS(Ed) advised that since the establishment of QF in 2008, 19 industries, covering about 46% of the workforce in Hong Kong, had set up the Industry Training Advisory Committees ("ITACs") to implement QF in the respective industries with a view to encouraging practitioners to pursue lifelong learning. Fourteen out of the 19 ITACs had developed the Specifications of Competency Standards ("SCS") for the respective industries. Regarding the remaining five ITACs, it was expected that four ITACs would complete the development of their respective SCS within this year and the remaining one, by the end of next year. The number of Recognition of Prior Learning ("RPL") clusters successfully recognized under the RPL mechanism with reimbursement under the QF Support Schemes had increased steadily in the past few years. DS(Ed)1 added that the investment returns on the QF Fund would provide a steady source of income to fund the QF Support Schemes, ITACs, QF-related studies/projects and public education.

21.65 Mr POON Siu-ping noted that student places in the Hospitality Industry Training and Development Centre ("HITDC") and the Chinese Cuisine Training Institute ("CCTI") under VTC would be increased from 2 300 in the 2013/2014 academic year to 2 400 in the 2014/2015 academic year. However, he considered that the enrolment rate at HITDC and CCTI in the 2012/2013 academic year relatively low.

21.66 Acting Executive Director, VTC explained that since 2012 was a double cohort year, the number of student places offered by HITDC and CCTI had been increased in the 2012/2013 academic year for the purpose of providing more training opportunities. The number of student places and enrolment rate of the institutions under VTC would be kept under review.

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21.67 Given the high enrolment rate of full-time vocational education programmes at the Hong Kong Institute of Vocational Education ("IVE") and Hong Kong Design Institute ("HKDI") in the past two academic years, Mr POON Siu-ping enquired about the reasons for reducing the number of student places at IVE and HKDI in the 2014/2015 academic year.

21.68 In response, DS(Ed)1 advised that IVE and HKDI offered primarily sub-degree programmes. To tie in with the implementation of the New Academic Structure, programmes were offered for two cohorts of students in the 2012/2013 academic year and the number of student places would be progressively reduced thereafter. The Administration would discuss with sub-degree programmes providers, including VTC, on the need to adjust the number of student places to be offered taking into account all relevant factors including the decline in secondary student population.

21.69 Mr POON Siu-ping noted that as announced in the 2014 Policy Address, the Government would set up a Task Force on Vocational Education ("Task Force"). He enquired whether the Task Force would also review the policy on sub-degree programmes which were also one of the study pathways of young people. DS(Ed)1 advised that that about half of the sub-degree (including Associate Degree and Higher Diploma) programmes currently offered were vocation-oriented. The Task Force would be tasked to map out the strategy to promote vocational education, as well as ways to raise the awareness and recognition of vocational education.

21.70 Miss CHAN Yuen-han welcomed the proposed Pilot Training and Support Scheme ("Pilot Scheme") which would benefit two cohorts of intakes admitted to VTC's training programmes for specific industries in the 2013/2014 and 2014/2015 academic years. She noted that under the Pilot Scheme, structured apprenticeship training programmes would be integrated with clear career progression pathways. Noting that VTC was currently offering both sub-degree programmes and apprenticeship training which might fall under the purview of EDB and the Labour and Welfare Bureau respectively, Miss CHAN sought clarification on these different education/training opportunities.

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21.71 PS(Ed) said that the major difference between the Pilot Scheme and other existing apprenticeship programmes was the participation of employers from the industries concerned. Under the Pilot Scheme, the entire training would last for four years. The employers of the participating industries should commit to pay a monthly salary of not less than \$8,000 and \$10,500 to the trainee during study-cum-work period and after graduation respectively. Meanwhile, VTC also offered Higher Diploma programmes.

Duty visits outside Hong Kong

21.72 Regarding the expenditure on duty visits outside Hong Kong incurred by SED in his official capacity, Dr Kenneth CHAN noted with concern that the total expenditure for the 13 duty visits from October 2012 to March 2014 had exceeded \$2.6 million. He questioned the effectiveness of these duty visits in supporting SED's work.

21.73 In this regard, SED explained that overseas duty visits were often undertaken by delegations comprising government officials and representatives of the local education sector. They would meet prominent academics and experts and exchange views with them on various education issues. SED further said that he had invited some of the overseas experts whom he had met to share their experience in the international forum on free kindergarten education organized by EDB earlier on.

Appendix I

Programme of special meetings of Finance Committee to examine the Estimates 2014-2015 from 31 March to 4 April 2014

<u>Session No.</u>	<u>Director of Bureau / Controlling Officer</u>	<u>Date</u>	<u>Time</u>
1.	Secretary for the Civil Service	31 March	2:15 pm - 3:15 pm
2.	(i) Judiciary Administrator (ii) Secretary for Justice	31 March	3:25 pm - 4:40 pm
3.	Secretary for Financial Services and the Treasury • Financial Services	31 March	4:50 pm - 6:00 pm
4.	Secretary for Financial Services and the Treasury • Public Finance	31 March	6:10 pm - 6:50 pm
5.	Secretary for Constitutional and Mainland Affairs	1 April	2:00 pm - 3:30 pm
6.	Secretary for Security	1 April	3:40 pm - 5:40 pm
7.	Secretary for the Environment	1 April	5:50 pm - 7:00 pm
8.	Secretary for Development • Works	2 April	8:30 am - 10:00 am
9.	Secretary for Development • Planning and Lands	2 April	10:10 am - 11:50 am

<u>Session No.</u>	<u>Director of Bureau / Controlling Officer</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	2 April	12:00 noon - 1:40 pm
11.	Secretary for Commerce and Economic Development • Commerce, Industry and Tourism	2 April	2:30 pm - 4:00 pm
12.	Secretary for Commerce and Economic Development • Communications and Technology	2 April	4:10 pm - 5:20 pm
13.	Secretary for Home Affairs	2 April	5:30 pm - 6:50 pm
14.	Secretary for Transport and Housing • Housing	3 April	9:30 am - 11:15 am
15.	Secretary for Transport and Housing • Transport	3 April	11:25 am - 12:55 pm
16.	Secretary for Labour and Welfare • Welfare and Women	3 April	2:30 pm - 4:50 pm
17.	Secretary for Labour and Welfare • Labour	3 April	5:00 pm - 6:30 pm
18.	Secretary for Food and Health • Food Safety and Environmental Hygiene	4 April	9:00 am - 10:40 am
19.	Secretary for Food and Health • Health	4 April	10:50 am - 12:40 pm
20.	Secretary for Education	4 April	2:30 pm - 4:30 pm

Appendix II

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 initial written questions</u>	<u>No. of supplementary questions</u>	<u>No. of requests for additional information (verbal)</u>
1.	Secretary for the Civil Service	103	16	1
2.	(i) Judiciary Administrator (ii) Secretary for Justice	31 52	7 5	— —
3.	Secretary for Financial Services and the Treasury • Financial Services	167	2	—
4.	Secretary for Financial Services and the Treasury • Public Finance	234	4	—
5.	Secretary for Constitutional and Mainland Affairs	172	1	3
6.	Secretary for Security	412	23	3
7.	Secretary for the Environment	375	5	1
8.	Secretary for Development • Works	281	7	—
9.	Secretary for Development • Planning and Lands	477	16	—

<u>Session No.</u>	<u>Director of Bureau/ Controlling Officer</u>	<u>No. of initial written questions</u>	<u>No. of supplementary questions</u>	<u>No. of requests for additional information (verbal)</u>
10.	Director of Administration	89	2	1
	Director of Audit	14	—	—
	Permanent Secretary to Chief Executive	67	2	1
	Commissioner, Independent Commission Against Corruption	36	2	1
	Secretary General, Legislative Council Secretariat	20	—	—
	The Ombudsman	8	—	—
11.	Secretary for Commerce and Economic Development <ul style="list-style-type: none"> • Commerce, Industry and Tourism 	342	4	—
12.	Secretary for Commerce and Economic Development <ul style="list-style-type: none"> • Communications and Technology 	278	9	—
13.	Secretary for Home Affairs	518	20	—
14.	Secretary for Transport and Housing <ul style="list-style-type: none"> • Housing 	98	9	1

<u>Session No.</u>	<u>Director of Bureau/ Controlling Officer</u>	<u>No. of initial written questions</u>	<u>No. of supplementary questions</u>	<u>No. of requests for additional information (verbal)</u>
15.	Secretary for Transport and Housing • Transport	446	7	—
16.	Secretary for Labour and Welfare • Welfare and Women	1028	34	2
17.	Secretary for Labour and Welfare • Labour	191	6	—
18.	Secretary for Food and Health • Food Safety and Environmental Hygiene	271	4	2
19.	Secretary for Food and Health • Health	350	5	1
20.	Secretary for Education	600	23	2
	Total :	6660	213	19

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 31 March to 4 April 2014**

**Meeting held in the afternoon of 31 March 2014 (Sessions 1, 2, 3 & 4)
2:15 pm to 6:56 pm
Legislative Council Complex Conference Room 1**

Members present:

Hon NG Leung-sing, SBS, JP (Chairman)
Hon Emily LAU Wai-hing, JP (Deputy Chairman)
Hon Albert HO Chun-yan
Hon LEE Cheuk-yan
Hon CHAN Kam-lam, SBS, JP
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, GBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon Vincent FANG Kang, SBS, JP
Hon WONG Kwok-hing, BBS, MH
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Hon Starry LEE Wai-king, JP
Dr Hon LAM Tai-fai, SBS, JP
Hon CHAN Kin-por, BBS, JP
Dr Hon Priscilla LEUNG Mei-fun
Hon WONG Kwok-kin, BBS
Hon IP Kwok-him, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Hon Albert CHAN Wai-yip
Hon Claudia MO
Hon James TIEN Pei-chun, GBS, JP
Hon YIU Si-wing

Hon Gary FAN Kwok-wai
 Hon MA Fung-kwok, SBS, JP
 Hon Peter Charles MOK
 Hon CHAN Chi-chuen
 Dr Hon Kenneth CHAN Ka-lok
 Hon CHAN Yuen-han, SBS, JP
 Hon LEUNG Che-cheung, BBS, MH, JP
 Hon Kenneth LEUNG
 Hon KWOK Wai-keung
 Hon Dennis KWOK
 Hon Christopher CHEUNG Wah-fung, JP
 Dr Hon Fernando CHEUNG Chiu-hung
 Hon SIN Chung-kai, SBS, JP
 Hon IP Kin-yuen
 Hon Martin LIAO Cheung-kong, JP
 Hon POON Siu-ping, BBS, MH
 Hon TANG Ka-piu
 Dr Hon CHIANG Lai-wan, JP
 Ir Dr Hon LO Wai-kwok, BBS, MH, JP
 Hon CHUNG Kwok-pan
 Hon Tony TSE Wai-chuen

Public officers attending:

Ms Esther LEUNG, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)1
Mr Alfred ZHI Jian-hong	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)

Session 1 – Civil Service

Mr Paul TANG, JP	Secretary for the Civil Service
Mr Raymond WONG, JP	Permanent Secretary for the Civil Service
Mr Eddie MAK, JP	Deputy Secretary for the Civil Service (1)
Ms May CHAN	Deputy Secretary for the Civil Service (2)

Ms Vivian SUM, JP	Deputy Secretary for the Civil Service (3)
Mr Peter CHAN, JP	Director of General Grades
Ms Wendy CHAN	Principal Executive Officer (Management), Civil Service Bureau
Mr Martin SIU	Director of Accounting Services
Ms Winnie NG	Secretary General, Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service
Dr Cindy LAI, JP	Deputy Director of Health
Ms Candice HO	Secretary, Public Service Commission

Session 2 – Judiciary Administration and Legal Administration

Miss Emma LAU, JP	Judiciary Administrator
Mr Arthur NG, JP	Deputy Judiciary Administrator (Operations)
Mr Tony LEUNG	Assistant Judiciary Administrator (Corporate Services)
Mr Rimsky YUEN, SC, JP	Secretary for Justice
Mr Arthur HO, JP	Director of Administration and Development
Mr Keith YEUNG, SC	Director of Public Prosecutions
Mr Frank POON, JP	Solicitor General
Mr Paul WAN	Law Draftsman
Mr Benedict LAI, SBS, JP	Law Officer (Civil Law)

Session 3 – Financial Services

Prof K C CHAN, GBS, JP	Secretary for Financial Services and the Treasury
Mr James LAU, JP	Under Secretary for Financial Services and the Treasury
Miss AU King-chi, JP	Permanent Secretary for Financial Services and the Treasury (Financial Services)
Ms Joyce HO	Acting Deputy Secretary for Financial Services and the Treasury (Financial Services) ¹

Mr Eddie CHEUNG	Deputy Secretary for Financial Services and the Treasury (Financial Services) ²
Mr Maurice LOO	Acting Deputy Secretary for Financial Services and the Treasury (Financial Services) ³
Mr Raymond SY	Administrative Assistant to Secretary for Financial Services and the Treasury
Miss Terie TAM	Chief Executive Officer (Financial Services), Financial Services and the Treasury Bureau
Mrs Lily OU-YANG, JP	Commissioner for Census and Statistics
Ms Annie CHOI, JP	Commissioner of Insurance
Ms Teresa WONG, JP	Official Receiver
Ms Ada CHUNG, JP	Registrar of Companies
Mr LI Shu-pui	Head (Financial Infrastructure Development), Hong Kong Monetary Authority
Mr Daryl HO	Head (Market Development), Hong Kong Monetary Authority

Session 4 – Public Finance

Prof K C CHAN, GBS, JP	Secretary for Financial Services and the Treasury
Ms Elizabeth TSE, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Ms Mable CHAN, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) ²
Mr YEUNG Tak-keung	Deputy Secretary for Financial Services and the Treasury (Treasury) ³
Mr Raymond SY	Administrative Assistant to Secretary for Financial Services and the Treasury
Mr Charlix WONG	Principal Assistant Secretary for Financial Services and the Treasury (Treasury) (H)
Mr Clement CHEUNG, JP	Commissioner of Customs and Excise
Mr WONG Kuen-fai, JP	Commissioner of Inland Revenue
Mrs Mimi BROWN, JP	Commissioner of Rating and Valuation
Mr TANG Ping-kwong, JP	Deputy Commissioner of Rating and Valuation
Ms Maisie CHENG, JP	Director of Government Logistics
Mr Alan SIU, JP	Government Property Administrator

Mr LEUNG Koon-kee, JP
Mr FONG Siu-wai

Mr Martin SIU

Director of Architectural Services
Assistant Director of Architectural
Services (Property Services)
Director of Accounting Services

Clerk in attendance:

Mr Andy LAU

Assistant Secretary General 1

Staff in attendance:

Mr Derek LO
Ms Anita SIT
Mr Daniel SIN
Ms Angela CHU

Chief Council Secretary (1)5
Chief Council Secretary (4)1
Senior Council Secretary (1)7
Council Secretary (4)1

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 31 March to 4 April 2014**

**Meeting held in the afternoon of 1 April 2014 (Sessions 5, 6 & 7)
2:02 pm to 7:06 pm
Legislative Council Complex Conference Room 1**

Members present:

Hon NG Leung-sing, SBS, JP (Chairman)
Hon Emily LAU Wai-hing, JP (Deputy Chairman)
Hon James TO Kun-sun
Hon CHAN Kam-lam, SBS, JP
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, GBS, 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, BBS, MH
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Hon Cyd HO Sau-lan
Hon Starry LEE Wai-king, JP
Hon CHAN Hak-kan, JP
Hon CHAN Kin-por, BBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon CHEUNG Kwok-che
Hon WONG Kwok-kin, BBS
Hon IP Kwok-him, GBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Hon Albert CHAN Wai-yip
Hon WONG Yuk-man

Hon Claudia MO
 Hon Michael TIEN Puk-sun, BBS, JP
 Hon James TIEN Pei-chun, GBS, JP
 Hon Steven HO Chun-yin
 Hon Frankie YICK Chi-ming
 Hon WU Chi-wai, MH
 Hon YIU Si-wing
 Hon Gary FAN Kwok-wai
 Hon MA Fung-kwok, SBS, JP
 Hon Charles Peter MOK
 Hon CHAN Chi-chuen
 Dr Hon Kenneth CHAN Ka-lok
 Hon CHAN Yuen-han, SBS, JP
 Hon LEUNG Che-cheung, BBS, MH, JP
 Hon Kenneth LEUNG
 Hon Alice MAK Mei-kuen, JP
 Dr Hon KWOK Ka-ki
 Hon KWOK Wai-keung
 Hon Christopher CHEUNG Wah-fung, JP
 Hon SIN Chung-kai, SBS, JP
 Dr Hon Helena WONG Pik-wan
 Hon Martin LIAO Cheung-kong, JP
 Hon TANG Ka-piu
 Dr Hon CHIANG Lai-wan, JP
 Ir Dr Hon LO Wai-kiwok, BBS, MH, JP
 Hon CHUNG Kwok-pan
 Hon Christopher CHUNG Shu-kun, BBS, MH, JP
 Hon Tony TSE Wai-chuen

Public officers attending:

Ms Esther LEUNG, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) ¹
Mr Alfred ZHI Jian-hong	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)

Session 5 – Constitutional and Mainland Affairs

Mr Raymond TAM, GBS, JP	Secretary for Constitutional and Mainland Affairs
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Mr LAU Kong-wah, JP	Under Secretary for Constitutional and Mainland Affairs
Ms CHANG King-yiu, JP	Permanent Secretary for Constitutional and Mainland Affairs
Mr Gordon LEUNG, JP	Deputy Secretary for Constitutional and Mainland Affairs (1)
Miss Charmaine LEE, JP	Deputy Secretary for Constitutional and Mainland Affairs (2)
Mr Daniel CHENG, JP	Deputy Secretary for Constitutional and Mainland Affairs (3)
Ms Joanne CHU	Administrative Assistant to Secretary for Constitutional and Mainland Affairs
Mr Ronald CHAN	Political Assistant to Secretary for Constitutional and Mainland Affairs
Ms Angela HO	Chief Executive Officer (Constitutional and Mainland Affairs)
Mr LI Pak-hong	Chief Electoral Officer
Miss Cathy CHU, JP	Director, Beijing Office
Mr John LEUNG, JP	Director, Hong Kong Economic, Trade and Cultural Office (Taiwan)
Mr Alan CHU	Director, Hong Kong Economic and Trade Affairs, Guangdong
Ms Joyce TAM, JP	Director, Hong Kong Economic and Trade Affairs, Shanghai
Mr Danny LAU	Director, Hong Kong Economic and Trade Affairs, Chengdu
Mr William CHAN	Chief Executive Officer (Newspaper and Article Admin/Communications Authority)

Session 6 – Security

Mr LAI Tung-kwok, SBS, IDSM, JP	Secretary for Security
Mr John LEE, PDSM, PMSM, JP	Under Secretary for Security
Mr Joshua LAW, JP	Permanent Secretary for Security
Mrs Erika HUI, JP	Commissioner for Narcotics
Mr Andrew KWOK	Principal Management Services Officer (Security), Security Bureau
Mr TSANG Wai-hung, PDSM, PMSM	Commissioner of Police
Mr Andy CHAN, FSDSM	Director of Fire Services
Mr CHAN Kwok-ki, IDSM	Director of Immigration

Mr SIN Yat-kin, CSDSM
Mr Clement CHEUNG, JP
Captain Michael CHAN, MBS,
MBB, GMSM, AE
Mr LAM Kwok-wah
Mr Sam HUI

Mr Ricky CHU

Ms Andy LUI

Mr Norman LO, AE, JP

Commissioner of Correctional Services
Commissioner of Customs and Excise
Controller, Government Flying Service

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

Secretary-General, Independent Police
Complaints Council

Secretary, Secretariat, Commissioner on
Interception of Communications and
Surveillance

Director-General of Civil Aviation

Session 7 – Environment

Mr WONG Kam-sing, JP
Ms Christine LOH, JP
Ms Anissa WONG, JP

Mr Vincent LIU, JP
Mr TSE Chin-wan, JP

Mr Howard CHAN, JP

Mr Andrew LAI, JP

Mr Alan WONG, JP

Mr Daniel CHUNG, JP
Mr Frank CHAN, JP

Mr HON Chi-keung, JP

Secretary for the Environment
Under Secretary for the Environment
Permanent Secretary for the
Environment/Director of Environmental
Protection

Deputy Secretary for the Environment
Deputy Director of Environmental
Protection (1)

Deputy Director of Environmental
Protection (2)

Deputy Director of Environmental
Protection (3)

Director of Agriculture, Fisheries and
Conservation

Director of Drainage Services

Director of Electrical and Mechanical
Services

Director of Civil Engineering and
Development

Clerk in attendance:

Mr Andy LAU

Assistant Secretary General 1

Staff in attendance:

Ms Miranda HON
Mr Derek LO
Miss Lilian MOK
Mr Daniel SIN

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

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 31 March to 4 April 2014**

**Meeting held in the morning of 2 April 2014 (Sessions 8, 9 & 10)
8:30 am to 1:36 pm
Legislative Council Complex Conference Room 1**

Members present:

Hon NG Leung-sing, SBS, JP (Chairman)
Hon Emily LAU Wai-hing, JP (Deputy Chairman)
Hon James TO Kun-sun
Hon CHAN Kam-lam, SBS, JP
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, GBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon WONG Kwok-hing, BBS, MH
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Hon Cyd HO Sau-lan
Hon CHAN Hak-kan, JP
Hon CHAN Kin-por, BBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon CHEUNG Kwok-che
Hon IP Kwok-him, GBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Albert CHAN Wai-yip
Hon James TIEN Pei-chun, GBS, JP
Hon Steven HO Chun-yin
Hon Frankie YICK Chi-ming
Hon WU Chi-wai, MH
Hon YIU Si-wing
Hon Gary FAN Kwok-wai

Hon MA Fung-kwok, SBS, JP
 Hon Charles Peter MOK
 Hon CHAN Chi-chuen
 Hon CHAN Han-pan
 Dr Hon Kenneth CHAN Ka-lok
 Hon CHAN Yuen-han, SBS, JP
 Hon LEUNG Che-cheung, BBS, MH, JP
 Hon Alice MAK Mei-kuen, JP
 Dr Hon KWOK Ka-ki
 Hon KWOK Wai-keung
 Hon Dennis KWOK
 Hon Christopher CHEUNG Wah-fung, JP
 Dr Hon Fernando CHEUNG Chiu-hung
 Hon SIN Chung-kai, SBS, JP
 Hon Martin LIAO Cheung-kong, JP
 Hon TANG Ka-piu
 Dr Hon CHIANG Lai-wan, JP
 Ir Dr Hon LO Wai-kiwok, BBS, MH, JP
 Hon Christopher CHUNG Shu-kun, BBS, MH, JP
 Hon Tony TSE Wai-chuen

Public officers attending:

Ms Esther LEUNG, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) ¹
Mr Alfred ZHI Jian-hong	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)

Session 8 – Works

Mr Paul CHAN, MH, JP	Secretary for Development
Mr Eric MA, JP	Under Secretary for Development
Mr WAI Chi-sing, JP	Permanent Secretary for Development (Works)
Mr Albert LAM, JP	Deputy Secretary for Development (Works) ¹
Mr CHAN Chi-ming, JP	Deputy Secretary for Development (Works) ²

Mr Raymond LEE, JP	Head of Energizing Kowloon East Office
Mr LEUNG Koon-kee, JP	Director of Architectural Services
Mr HON Chi-keung, JP	Director of Civil Engineering and Development
Mr Frank CHAN, JP	Director of Electrical and Mechanical Services
Mr Peter LAU, JP	Director of Highways
Mr CHUNG Kum-wah, JP	Director of Drainage Services
Mr Enoch LAM, JP	Director of Water Supplies
Mrs Betty FUNG, JP	Director of Leisure and Cultural Services

Session 9 – Planning and Lands

Mr Paul CHAN, MH, JP	Secretary for Development
Mr Eric MA, JP	Under Secretary for Development
Mr Thomas CHOW, JP	Permanent Secretary for Development (Planning and Lands)
Mr Thomas CHAN, JP	Deputy Secretary for Development (Planning and Lands) ¹
Mr Rex CHANG, JP	Deputy Secretary for Development (Planning and Lands) ²
Ms Bernadette LINN, JP	Director of Lands
Mr LING Kar-kan, JP	Director of Planning
Mr HUI Siu-wai, JP	Director of Buildings

Session 10 – Central Administration and Other Services

Ms Kitty CHOI, JP	Director of Administration
Miss Helen TANG, JP	Deputy Director of Administration (1)
Mr David CHIU	Principal Executive Officer (Administration), Administration Wing
Mrs Helen CHAN, JP	Government Economist
Mr Kim SALKELD, JP	Head, Efficiency Unit
Ms Olivia NIP, JP	Deputy Head, Central Policy Unit
Mr David SUN, BBS, JP	Director of Audit
Ms Harriet WONG	Departmental Secretary, Audit Commission

Ms Alice LAU, JP	Permanent Secretary, Chief Executive's Office
Mr Jock TAM	Chief Executive Officer (Administration), Chief Executive's Office
Mr Ryan WONG, IDS	Acting Commissioner, Independent Commission Against Corruption
Ms Rebecca LI, IDS	Director of Investigation (Government Sector)/Director of Investigation (Private Sector), Independent Commission Against Corruption
Mrs Jennie AU-YEUNG	Assistant Director (Administration), Independent Commission Against Corruption
Mr Kenneth CHEN	Secretary General, Legislative Council Secretariat
Mr Joseph KWONG	Accountant, Legislative Council Secretariat
Ms Connie LAU	The Ombudsman
Mr SO Kam-shing	Deputy Ombudsman

Clerk in attendance:

Mr Andy LAU	Assistant Secretary General 1
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Staff in attendance:

Mr Derek LO	Chief Council Secretary (1)5
Mr Ken WOO	Senior Council Secretary (1)5
Mr Daniel SIN	Senior Council Secretary (1)7

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 31 March to 4 April 2014**

**Meeting held in the afternoon of 2 April 2014 (Sessions 11, 12 & 13)
2:30 pm to 7:05 pm
Legislative Council Complex Conference Room 1**

Members present:

Hon NG Leung-sing, SBS, JP (Chairman)
Hon Emily LAU Wai-hing, JP (Deputy Chairman)
Hon LEE Cheuk-yan
Hon James TO Kun-sun
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, GBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon Vincent FANG Kang, SBS, JP
Hon WONG Kwok-hing, BBS, MH
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Hon Ronny TONG Ka-wah, SC
Hon Cyd HO Sau-lan
Hon Starry LEE Wai-king, JP
Hon CHAN Kin-por, BBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon CHEUNG Kwok-che
Hon IP Kwok-him, GBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Alan LEONG Kah-kit, SC
Hon Albert CHAN Wai-yip
Hon WONG Yuk-man
Hon Claudia MO
Hon Michael TIEN Puk-sun, BBS, JP
Hon James TIEN Pei-chun, GBS, JP

Hon Steven HO Chun-yin
 Hon Frankie YICK Chi-ming
 Hon WU Chi-wai, MH
 Hon YIU Si-wing
 Hon Gary FAN Kwok-wai
 Hon MA Fung-kwok, SBS, JP
 Hon Charles Peter MOK
 Hon CHAN Chi-chuen
 Dr Hon Kenneth CHAN Ka-lok
 Hon CHAN Yuen-han, SBS, JP
 Hon LEUNG Che-cheung, BBS, MH, JP
 Hon Kenneth LEUNG
 Hon Alice MAK Mei-kuen, JP
 Dr Hon KWOK Ka-ki
 Hon KWOK Wai-keung
 Hon Dennis KWOK
 Hon Christopher CHEUNG Wah-fung, JP
 Hon SIN Chung-kai, SBS, JP
 Dr Hon Helena WONG Pik-wan
 Hon IP Kin-yuen
 Hon Martin LIAO Cheung-kong, JP
 Hon TANG Ka-piu
 Dr Hon CHIANG Lai-wan, JP
 Ir Dr Hon LO Wai-ki, BBS, MH, JP
 Hon CHUNG Kwok-pan
 Hon Tony TSE Wai-chuen

Public officers attending:

Ms Esther LEUNG, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) ¹
Mr Alfred ZHI Jian-hong	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)

Session 11 – Commerce, Industry and Tourism

Mr Gregory SO, GBS, JP	Secretary for Commerce and Economic Development
Mr Godfrey LEUNG, JP	Under Secretary for Commerce and Economic Development

Mr Andrew WONG, JP	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Ms Carol YUEN, JP	Deputy Secretary for Commerce and Economic Development (Commerce and Industry)1
Mr David WONG, JP	Deputy Secretary for Commerce and Economic Development (Commerce and Industry)2
Mrs Alice CHEUNG, JP	Deputy Secretary for Commerce and Economic Development (Commerce and Industry)3
Mr Philip YUNG, JP	Commissioner for Tourism
Mr Simon Kennedy GALPIN	Director-General of Investment Promotion
Mr Kenneth MAK, JP	Director-General of Trade and Industry
Mr Clement CHEUNG, JP	Commissioner of Customs and Excise
Mr Peter CHEUNG, JP	Director of Intellectual Property
Mr SHUN Chi-ming, JP	Director of the Hong Kong Observatory
Mrs Jessie TING, JP	Postmaster General
Mr Anthony LAU	Executive Director, Hong Kong Tourism Board

Session 12 – Communications and Technology

Mr Gregory SO, GBS, JP	Secretary for Commerce and Economic Development
Mr Godfrey LEUNG, JP	Under Secretary for Commerce and Economic Development
Miss Susie HO, JP	Permanent Secretary for Commerce and Economic Development (Communications and Technology)
Mr Aaron LIU	Principal Assistant Secretary for Commerce and Economic Development (Communications and Technology)A
Miss Janet WONG, JP	Commissioner for Innovation and Technology
Mr Daniel LAI, BBS, JP	Government Chief Information Officer
Mr Roy TANG, JP	Director of Broadcasting
Miss Eliza LEE, JP	Director-General of Communications
Ms Elizabeth TAI	Deputy Director of Film, Newspaper and Article Administration

Mr Jerry LIU

Head of Create Hong Kong

Session 13 – Home Affairs

Mr TSANG Tak-sing, GBS, JP
Ms Florence HUI, SBS, JP
Mr Raymond YOUNG, JP
Ms Gracie FOO, JP
Mr Jonathan McKINLEY, JP
Mrs Avia LAI, JP
Mr WAN Man-leung
Mrs Pamela TAN, JP
Mrs Betty FUNG, JP

Mr Patrick NIP, JP
Mr Thomas Edward KWONG

Secretary for Home Affairs
Under Secretary for Home Affairs
Permanent Secretary for Home Affairs
Deputy Secretary for Home Affairs (1)
Deputy Secretary for Home Affairs (2)
Deputy Secretary for Home Affairs (3)
Project Manager (Home Affairs Bureau)
Director of Home Affairs
Director of Leisure and Cultural
Services
Director of Information Services
Director of Legal Aid

Clerk in attendance:

Mr Andy LAU

Assistant Secretary General 1

Staff in attendance:

Mr Derek LO
Mr Daniel SIN

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

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 31 March to 4 April 2014**

**Meeting held in the morning of 3 April 2014 (Sessions 14 & 15)
9:30 am to 12:10 pm
Legislative Council Complex Conference Room 1**

Members present:

Hon NG Leung-sing, SBS, JP (Chairman)
Hon Emily LAU Wai-hing, JP (Deputy Chairman)
Hon James TO Kun-sun
Hon CHAN Kam-lam, SBS, JP
Hon LEUNG Yiu-chung
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, GBS, 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, BBS, MH
Prof Hon Joseph LEE Kok-long, SBS, JP, PhD, RN
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon Ronny TONG Ka-wah, SC
Hon Starry LEE Wai-king, JP
Hon CHAN Hak-kan, JP
Hon CHAN Kin-por, BBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon CHEUNG Kwok-che
Hon WONG Kwok-kin, BBS
Hon IP Kwok-him, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Hon Michael TIEN Puk-sun, BBS, JP
Hon James TIEN Pei-chun, GBS, JP

Hon Steven HO Chun-yin
 Hon Frankie YICK Chi-ming
 Hon WU Chi-wai, MH
 Hon YIU Si-wing
 Hon MA Fung-kwok, SBS, JP
 Hon Charles Peter MOK
 Hon CHAN Chi-chuen
 Dr Hon Kenneth CHAN Ka-lok
 Hon CHAN Yuen-han, SBS, JP
 Hon LEUNG Che-cheung, BBS, MH, JP
 Hon Kenneth LEUNG
 Hon Alice MAK Mei-kuen, JP
 Dr Hon KWOK Ka-ki
 Hon KWOK Wai-keung
 Hon Christopher CHEUNG Wah-fung, JP
 Dr Hon Fernando CHEUNG Chiu-hung
 Hon SIN Chung-kai, SBS, JP
 Hon Martin LIAO Cheung-kong, JP
 Hon POON Siu-ping, BBS, MH
 Hon TANG Ka-piu
 Dr Hon CHIANG Lai-wan, JP
 Ir Dr Hon LO Wai-kwok, BBS, MH, JP
 Hon CHUNG Kwok-pan
 Hon Tony TSE Wai-chuen

Public officers attending:

Ms Esther LEUNG, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) ¹
Mr Alfred ZHI Jian-hong	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)

Session 14 – Housing

Prof Anthony CHEUNG, GBS, JP	Secretary for Transport and Housing
Mr YAU Shing-mu, JP	Under Secretary for Transport and Housing
Mr Stanley YING, JP	Permanent Secretary for Transport and Housing (Housing)

Miss Agnes WONG, JP	Deputy Secretary for Transport and Housing (Housing)
Mr Eugene FUNG, JP	Director of Sales of First-hand Residential Properties Authority
Ms Annie TANG, 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 CHAN Nap-ming, JP	Assistant Director of Housing (Independent Checking Unit)
Ms Bernadette LINN, JP	Director of Lands
Mr HUI Siu-wai, JP	Director of Buildings

Session 15 – Transport

Prof Anthony CHEUNG, GBS, JP	Secretary for Transport and Housing
Mr YAU Shing-mu, JP	Under Secretary for Transport and Housing
Mr Joseph LAI, JP	Permanent Secretary for Transport and Housing (Transport)
Ms Rebecca PUN, JP	Deputy Secretary for Transport and Housing (Transport)1
Mr Andy CHAN	Deputy Secretary for Transport and Housing (Transport)2
Ms Ivy LAW	Deputy Secretary for Transport and Housing (Transport)3
Mrs Sharon YIP, JP	Deputy Secretary for Transport and Housing (Transport)4
Ms Jenny CHAN	Acting Deputy Secretary for Transport and Housing (Transport)5
Miss Mary TSANG	Acting Deputy Secretary for Transport and Housing (Transport)5
Mr Andy YAU, JP	Head (Airport Expansion Project Coordination Office)
Mr Peter LAU, JP	Director of Highways
Mrs Ingrid YEUNG, JP	Commissioner for Transport
Miss LAW Fung-ping, JP	Deputy Commissioner for Transport (Transport Services and Management)

Mr David TO, JP

Mr Norman LO, AE, JP

Mr Michael WONG, JP

Mr TUNG Hon-ming, JP

Ms Shirley LAM, JP

Mr Frank CHAN, JP

Deputy Commissioner for Transport
(Planning and Technical Services)

Director-General of Civil Aviation

Director of Marine

Deputy Director of Marine

Deputy Director of Marine (Special
Duties)

Director of Electrical and Mechanical
Services

Clerk in attendance:

Mr Andy LAU

Assistant Secretary General 1

Staff in attendance:

Mr Derek LO

Mr Ken WOO

Mr Daniel SIN

Chief Council Secretary (1)5

Senior Council Secretary (1)5

Senior Council Secretary (1)7

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 31 March to 4 April 2014**

**Meeting held in the afternoon of 3 April 2014 (Sessions 16 & 17)
2:30 pm to 6:36 pm
Legislative Council Complex Conference Room 1**

Members present:

Hon NG Leung-sing, SBS, JP (Chairman)
Hon Emily LAU Wai-hing, JP (Deputy Chairman)
Hon Albert HO Chun-yan
Hon LEE Cheuk-yan
Hon James TO Kun-sun
Hon LEUNG Yiu-chung
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, GBS, 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, BBS, MH
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon Ronny TONG Ka-wah, SC
Hon CHAN Kin-por, BBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon CHEUNG Kwok-che
Hon WONG Kwok-kin, BBS
Hon IP Kwok-him, GBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Hon Albert CHAN Wai-yip
Hon WONG Yuk-man
Hon Michael TIEN Puk-sun, BBS, JP

Hon James TIEN Pei-chun, GBS, JP
 Hon Steven HO Chun-yin
 Hon Frankie YICK Chi-ming
 Hon WU Chi-wai, MH
 Hon YIU Si-wing
 Hon Gary FAN Kwok-wai
 Hon MA Fung-kwok, SBS, JP
 Hon Charles Peter MOK
 Hon CHAN Chi-chuen
 Hon CHAN Han-pan
 Dr Hon Kenneth CHAN Ka-lok
 Hon CHAN Yuen-han, SBS, JP
 Hon Alice MAK Mei-kuen, JP
 Dr Hon KWOK Ka-ki
 Hon KWOK Wai-keung
 Hon Christopher CHEUNG Wah-fung, JP
 Dr Hon Fernando CHEUNG Chiu-hung
 Hon SIN Chung-kai, SBS, JP
 Dr Hon Helena WONG Pik-wan
 Hon Martin LIAO Cheung-kong, JP
 Hon POON Siu-ping, BBS, MH
 Hon TANG Ka-piu
 Dr Hon CHIANG Lai-wan, JP
 Ir Dr Hon LO Wai-kwok, BBS, MH, JP
 Hon CHUNG Kwok-pan
 Hon Tony TSE Wai-chuen

Public officers attending:

Ms Esther LEUNG, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) ¹
Mr Alfred ZHI Jian-hong	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)

Session 16 – Welfare and Women

Mr Matthew CHEUNG, GBS, JP	Secretary for Labour and Welfare
Miss Annie TAM, JP	Permanent Secretary for Labour and Welfare

Ms Doris CHEUNG, JP	Deputy Secretary for Labour and Welfare (Welfare)1
Mr Donald CHEN	Deputy Secretary for Labour and Welfare (Welfare)2
Mr Francis CHENG	Administrative Assistant to the Secretary for Labour and Welfare
Mr Stephen SUI, JP	Commissioner for Rehabilitation
Ms Carol YIP, JP	Director of Social Welfare
Mr LAM Ka-tai	Deputy Director of Social Welfare (Services)
Mr FUNG Pak-yan, JP	Deputy Director of Social Welfare (Administration)
Mrs Ingrid YEUNG, JP	Commissioner for Transport
Mr Albert SU	Assistant Commissioner for Transport (Management and Paratransit)

Session 17 – Labour

Mr Matthew CHEUNG, GBS, JP	Secretary for Labour and Welfare
Miss Annie TAM, JP	Permanent Secretary for Labour and Welfare
Mr Francis CHENG	Administrative Assistant to the Secretary for Labour and Welfare
Mr Donald TONG, JP	Commissioner for Labour
Mr Byron NG, JP	Deputy Commissioner for Labour (Labour Administration)
Mr David LEUNG, JP	Deputy Commissioner for Labour (Occupational Safety and Health)
Mrs Tonia LEUNG, JP	Assistant Commissioner for Labour (Employment Services)

Clerk in attendance:

Mr Andy LAU	Assistant Secretary General 1
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Staff in attendance:

Mr Derek LO	Chief Council Secretary (1)5
Mr Daniel SIN	Senior Council Secretary (1)7
Miss Karen LAI	Council Secretary (2)6

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 31 March to 4 April 2014**

**Meeting held in the morning of 4 April 2014 (Sessions 18 & 19)
9:00 am to 12:48 pm
Legislative Council Complex Conference Room 1**

Members present:

Hon NG Leung-sing, SBS, JP (Chairman)
Hon Emily LAU Wai-hing, JP (Deputy Chairman)
Hon Albert HO Chun-yan
Hon LEE Cheuk-yan
Hon James TO Kun-sun
Hon CHAN Kam-lam, SBS, JP
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, GBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon Vincent FANG Kang, SBS, JP
Hon WONG Kwok-hing, BBS, MH
Prof Hon Joseph LEE Kok-long, SBS, JP, PhD, RN
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Hon Cyd HO Sau-lan
Hon Starry LEE Wai-king, JP
Hon CHAN Hak-kan, JP
Hon CHAN Kin-por, BBS, JP
Hon CHEUNG Kwok-che
Hon IP Kwok-him, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Albert CHAN Wai-yip
Hon Michael TIEN Puk-sun, BBS, JP
Hon James TIEN Pei-chun, GBS, JP
Hon Steven HO Chun-yin
Hon Frankie YICK Chi-ming

Hon WU Chi-wai, MH
 Hon YIU Si-wing
 Hon Gary FAN Kwok-wai
 Hon MA Fung-kwok, SBS, JP
 Hon Charles Peter MOK
 Hon CHAN Chi-chuen
 Dr Hon Kenneth CHAN Ka-lok
 Hon CHAN Yuen-han, SBS, JP
 Hon LEUNG Che-cheung, BBS, MH, JP
 Hon Alice MAK Mei-kuen, JP
 Dr Hon KWOK Ka-ki
 Hon KWOK Wai-keung
 Hon Christopher CHEUNG Wah-fung, JP
 Dr Hon Fernando CHEUNG Chiu-hung
 Hon SIN Chung-kai, SBS, JP
 Dr Hon Helena WONG Pik-wan
 Hon Martin LIAO Cheung-kong, JP
 Hon POON Siu-ping, BBS, MH
 Dr Hon CHIANG Lai-wan, JP
 Ir Dr Hon LO Wai-kwok, BBS, MH, JP
 Hon Christopher CHUNG Shu-kun, BBS, MH, JP
 Hon Tony TSE Wai-chuen

Public officers attending:

Ms Esther LEUNG, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)1
Mr Alfred ZHI Jian-hong	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)

Session 18 – Food Safety and Environmental Hygiene

Dr KO Wing-man, BBS, JP	Secretary for Food and Health
Prof Sophia CHAN, JP	Under Secretary for Food and Health
Mrs Marion LAI, JP	Permanent Secretary for Food and Health (Food)
Mr KONG Kai-wah	Head, Resource Management and Administration, Food and Health Bureau
Mr Alan WONG, JP	Director of Agriculture, Fisheries and Conservation

Miss Vivian LAU, JP

Dr Gloria TAM, JP

Mr Clement CHEUNG, JP

Dr LAU Chau-ming, JP

Director of Food and Environmental Hygiene

Controller, Centre for Food Safety, Food and Environmental Hygiene Department

Commissioner of Customs and Excise

Government Chemist

Session 19 – Health

Dr KO Wing-man, BBS, JP

Prof Sophia CHAN, JP

Mr Richard YUEN, JP

Secretary for Food and Health

Under Secretary for Food and Health

Permanent Secretary for Food and Health (Health)

Mr KONG Kai-wah

Head, Resource Management and Administration, Food and Health Bureau

Director of Health

Dr Constance CHAN, JP

Dr Cindy LAI, JP

Deputy Director of Health

Dr LEUNG Pak-yin, JP

Chief Executive, Hospital Authority

Dr CHEUNG Wai-lun, JP

Director (Cluster Services), Hospital Authority

Government Chemist

Dr LAU Chau-ming, JP

Clerk in attendance:

Mr Andy LAU

Assistant Secretary General 1

Staff in attendance:

Mr Derek LO

Ms Maisie LAM

Mr Daniel SIN

Ms Janet SHUM

Chief Council Secretary (1)5

Chief Council Secretary (2)5

Senior Council Secretary (1)7

Senior Council Secretary (2)5

**Attendance of members and public officers at the
special meetings of the Finance Committee
from 31 March to 4 April 2014**

**Meeting held in the afternoon of 4 April 2014 (Session 20)
2:30 pm to 4:34 pm
Legislative Council Complex Conference Room 1**

Members present:

Hon NG Leung-sing, SBS, JP (Chairman)
Hon Emily LAU Wai-hing, JP (Deputy Chairman)
Hon James TO Kun-sun
Hon LEUNG Yiu-chung
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, GBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon WONG Kwok-hing, BBS, MH
Prof Hon Joseph LEE Kok-long, SBS, JP, PhD, RN
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon Ronny TONG Ka-wah, SC
Hon Starry LEE Wai-king, JP
Hon CHAN Kin-por, BBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon CHEUNG Kwok-che
Hon WONG Kwok-kin, BBS
Hon IP Kwok-him, GBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon LEUNG Kwok-hung
Hon Albert CHAN Wai-yip
Hon Claudia MO
Hon Michael TIEN Puk-sun, BBS, JP
Hon James TIEN Pei-chun, GBS, JP
Hon Steven HO Chun-yin
Hon Frankie YICK Chi-ming

Hon WU Chi-wai, MH
 Hon YIU Si-wing
 Hon Gary FAN Kwok-wai
 Hon MA Fung-kwok, SBS, JP
 Hon Charles Peter MOK
 Hon CHAN Chi-chuen
 Dr Hon Kenneth CHAN Ka-lok
 Hon CHAN Yuen-han, SBS, JP
 Hon LEUNG Che-cheung, BBS, MH, JP
 Hon Christopher CHEUNG Wah-fung, JP
 Dr Hon Fernando CHEUNG Chiu-hung
 Hon SIN Chung-kai, SBS, JP
 Dr Hon Helena WONG Pik-wan
 Hon IP Kin-yuen
 Hon Martin LIAO Cheung-kong, JP
 Hon POON Siu-ping, BBS, MH
 Dr Hon CHIANG Lai-wan, JP
 Ir Dr Hon LO Wai-kwok, BBS, MH, JP
 Hon CHUNG Kwok-pan
 Hon Tony TSE Wai-chuen

Public officers attending:

Ms Esther LEUNG, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)1
Mr Alfred ZHI Jian-hong	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)

Session 20 – Education

Mr Eddie NG, SBS, JP	Secretary for Education
Mr Kevin YEUNG, JP	Under Secretary for Education
Mrs Cherry TSE, JP	Permanent Secretary for Education
Ms Michelle LI, JP	Deputy Secretary for Education (1)
Ms Jessie WONG, JP	Deputy Secretary for Education (2)
Mrs Betty IP, JP	Deputy Secretary for Education (3)
Mrs Michelle WONG	Deputy Secretary for Education (4)
Dr Catherine CHAN	Deputy Secretary for Education (5)
Mrs Angelina CHEUNG, JP	Deputy Secretary for Education (6)

Mrs HONG CHAN Tsui-wah	Principal Assistant Secretary for Education (Quality Assurance and School-based Support)
Dr Richard ARMOUR	Secretary-General, University Grants Committee
Mr LEUNG Yam-shing	Acting Executive Director, Vocational Training Council
Ms Nancy SO	Controller, Student Financial Assistance Agency

Clerk in attendance:

Mr Andy LAU	Assistant Secretary General 1
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Staff in attendance:

Mr Derek LO	Chief Council Secretary (1)5
Mr Daniel SIN	Senior Council Secretary (1)7

**Presentation by Secretary for the Civil Service
at the Special Meeting of the Finance Committee
on Monday, 31 March 2014**

Chairman and Honourable Members,

Of the items relating to civil service expenses in the 2014-15 Draft Estimates of Expenditure, I would like to highlight the following two items.

2. **First, civil service establishment.** The civil service has supported the Fourth Term Government in implementing many new policies and initiatives in a professional and effective manner. We will, on the one hand, continue to work with bureaux/departments to enhance efficiency through measures such as internal redeployment, streamlining and re-engineering, and on the other hand, render support to the civil service by strengthening the establishment to cope with additional workload. We will support creation of new civil service posts where operational need is fully justified and when the work involved cannot be undertaken by re-deployment of existing staff or through alternative modes of service delivery.

3. There has been a modest increase of about 1% in the civil service establishment each year since 2007-08. The 2014-15 Draft Estimates of Expenditure project an additional 2 556 posts in the civil service establishment, or an increase of about 1.5%, over the 2013-14 Revised Estimate. This is the highest year-on-year increase since 2007-08. Subject to the approval of the 2014-15 Draft Estimates by the Legislative Council, the civil service establishment is estimated to stand at 173 961 posts at the end of March 2015. In 2014-15, most departments will have their establishment increased. Growth will be particularly significant in some departments, including the Buildings Department, Housing Department, Customs and Excise Department and Immigration Department.

4. **Second, financial provisions.** In the 2014-15 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 particularly worthy of note –

(a) Head 37 Department of Health: Programme 7 "Medical and Dental Treatment for Civil Servants": a financial provision of \$1,088.7 million is proposed for providing medical and dental services for serving civil servants, pensioners and their eligible dependants at government families clinics and dental clinics, as well as for the reimbursement of medical fees and hospital charges. For the former, an allocation of \$688.7 million is proposed, representing an increase of \$64.6 million (or 10.4%) over the 2013-14 Revised Estimate. The additional provision is mainly for setting up additional general and specialised dental surgeries, kick-starting the preparatory work on a new Families Clinic and procuring additional equipment. With regard to the reimbursement of medical fees and hospital charges, an allocation of \$400 million is proposed, representing an increase of \$40 million (or 11%) over the 2013-14 Revised Estimate. The additional provision is to meet an anticipated increase in applications for reimbursement of medical expenses from eligible persons; and

(b) Head 120 Pensions: Programme 1 "Public and Judicial Service Pension Benefits": an amount of \$26,331.7 million is proposed for pension payments to eligible retired public officers. This represents an increase of \$3,351.5 million (or 14.6%) over the 2013-14 Revised Estimate. The increase is due to an estimated increase in the number of new retirees in 2014-15 and the full-year effect of pension payments to those retiring in 2013-14.

5. Chairman, as the backbone of the Government, the civil service contributes to the stability and continuity of government operation. The Civil Service Bureau will continue to strive to maintain a professional and efficient civil service and encourage civil servants to pursue continuous improvement and do their best to deliver quality services to the public.

6. Chairman, my colleagues and I are happy to answer questions from Members.

**Presentation by Secretary for Judiciary Administrator
at the Special Meeting of the Finance Committee
on Monday, 31 March 2014**

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 2014-15, a total provision of \$1,356.6 million is sought to enable the Judiciary to achieve its objectives.

2014-15 Draft Estimates

2. In accordance with the budgetary arrangements agreed between the Judiciary and the Administration back in 2005, the Judiciary submitted its resource requirements for 2014-15 to the Administration in July 2013, 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 2014-15 for the Judiciary, amounting to \$1,356.6 million, represents an increase of \$133.7 million, or 10.9%, over our revised estimates for 2013-14. With this provision sought, the Judiciary will be provided with the financial resources required for the creation of seven additional judicial posts at various levels of courts, the engagement of a team of 10 legally qualified staff to provide professional support to judicial education, and the creation of 59 net additional civil service posts in the Judiciary Administration to meet the needs arising from the increased levels of judicial and registry services. Such increased provisions will also enable the Judiciary to meet the requirements for the filling of all the existing substantive Judges and Judicial Officers ("JJOs") posts at all levels of courts, the engagement of temporary judicial manpower to help improve waiting times in some pressure areas in the interim and the employment of support staff to fill all the existing posts in the Judiciary Administration.

Enhancement of the Judicial Manpower

4. In 2013-14, despite great efforts that have been made (including the filling of all the Justice of Appeal posts of the Court of Appeal substantively, the conduct of recruitment exercises on a much frequent basis and the engagement of temporary judicial resources as far as practicable), the High Court continued to remain as a pressure area as far as judicial workload and waiting times were concerned. Having regard to the above, the Chief Justice has instructed that a comprehensive Establishment Review of the judicial manpower be conducted in early 2013. The review concludes that:

- (a) Additional resources are much needed for the creation of additional judicial (and associated support staff) posts for the Court of Appeal of the High Court to enable it to cope with the increased workload. With the establishment of the Court of Appeal enhanced, much of the judicial resources currently redeployed from the Court of First Instance in helping out the work of the Court of Appeal could be released back to that level of court to hear cases; and
- (b) Additional resources are needed for the creation of additional judicial (and associated support staff) posts at various levels of court to cover the absence of JJOs for dealing with judicial educational matters and attending judicial training activities.

5. As a result, it is proposed that seven judicial posts, i.e. three Justice of Appeal posts, one Judge of the Court of First Instance post, one District Judge post and two Magistrate posts, together with 16 civil service posts in providing support to these additional judicial posts, are sought.

6. The review of judicial manpower for all levels of court, and in particular the High Court, is an on-going exercise. If, in the course of our continuing review, additional judicial posts are required in the future, the Judiciary will of course put forward its requirements to the Administration in accordance with the budgetary arrangements as set out in paragraph 2 above.

Enhanced Support to Judicial Education

7. The Chief Justice attaches great importance to the pursuit of continuing judicial education by all JJOs. He takes the view that central to the administration of justice is the quality of our judges at all levels and that

a modern judiciary is expected to maintain the high standards, if not improve on them. Judicial education plays a vital role in this regard. Starting from 2013, the Judiciary is in the process of making important changes to our system of judicial education. First and foremost, in early 2013, the former Judicial Studies Board has been replaced by the setting up of the Hong Kong Judicial Institute. The role of the Judicial Institute is to enhance judicial skills and knowledge through the development of continuing and more structured judicial education for all JJOs. The Governing Body of the Judicial Institute, which is chaired by the Chief Justice, was also set up in 2013 to provide strategic steer for and oversee the development of judicial education.

8. In taking forward the many new initiatives in judicial education under the direction of the Governing Body, it is revealed that additional resources are needed to enhance the support to judicial education in the following two areas:

- (a) At present, JJOs are generally not provided with "protected time" to engage in the planning, preparation, delivery of and attendance at judicial educational activities. They are doing so on top of their normal judicial responsibilities. While the JJOs have been conscientiously doing so over the years, this has created additional demands on their already heavy workload and work pressure and this is not conducive to well-structured and sustainable development of judicial education. As mentioned above, this factor has been taken into account in the Establishment Review, and (as I have already mentioned) additional judicial posts are sought at various levels of courts for providing "protected time" for JJOs for dealing with judicial education and attending such activities; and

- (b) The Judicial Institute needs to be supported by a dedicated and professional Executive Body which should be staffed by legally qualified professionals (including a Chief Executive position which will be set at a level equivalent to the rank of D3 in the Civil Service). They will provide support to the Governing Body in the areas of research, publication and programmes in the development of judicial education. To this end, we are proposing to engage a team of 10 non-civil service staff, who are legally qualified, to provide the necessary professional support. At the same time, the administrative support to the Judicial Institute needs to be enhanced by the creation of an additional civil service post.

Enhanced Support to the Various Major Initiatives

9. In 2014-15, on top of meeting the on-going operational needs in discharging its responsibilities on all fronts, the Judiciary will continue to carry out the implementation of many important initiatives. To this end, a net additional 42 civil service posts will be required.

10. One of these important major initiatives is the implementation of the Information Technology Strategy Plan ("ITSP"). Under the ITSP, the Judiciary aims to provide more effective and efficient services to all its stakeholders through the greater application of information technology in its operation. In May 2013, we had obtained funding approval by the Finance Committee at \$682.4 million for the implementation of this project. We are grateful to the support of the Legislature in this regard.

11. We are now in full gear in taking the ITSP forward. While we are working on the arrangements whereby part of the manpower resources required for the implementation would be procured through various service providers, we would also need to enhance the civil service establishment having regard to the operational requirements at different junctures of the project cycle to ensure smooth implementation and proper monitoring. In 2014-15, we propose to create six net additional civil service posts to enhance both the Information Technology teams and the Finance section of the Judiciary Administration (including the proposed creation of one Chief Systems Manager at D1 level to oversee the technical side of the ITSP implementation and the proposed upgrading of a Senior Treasury Accountant post to the rank of Chief Treasury Accountant at D1 level to oversee the financial monitoring of the project on top of many other heavy responsibilities over the financial management of the Judiciary as a whole).

12. The remaining 36 net civil service posts sought are for the provision of support to cope with increased workload or to improve our services in various areas, such as enhancing of administrative support to Court Leaders, strengthening of support for the High Court Masters' Clerks Office (6 net additional posts) and for the replacement of Non-Civil Service Contract Staff (30 posts).

The Way Forward

13. The Judiciary will be consulting the Panel on Administration of Justice and Legal Services on its manpower proposals before submitting them to the Establishment Sub-Committee for endorsement and the Finance Committee for approval. The Judiciary looks forward to receiving Members' support.

Conclusion

14. The Judiciary will continue to explore areas for improvements to enhance access to justice and to provide quality services to court users and members of the public.

15. Thank you.

**Presentation by Secretary for Justice
at the Special Meeting of the Finance Committee
on Monday, 31 March 2014**

Chairman and Members,

The total estimated expenditure of the Department of Justice (DoJ) for 2014-15 amounts to \$1,795.2 million, representing an increase of 29.3 per cent (or \$406.3 million) over the revised estimated expenditure for 2013-14. This increase is mainly due to the filling of vacancies which previously could not be filled, and the creation of 35 posts to cope with increasing demand of government departments for legal services. We also expect an increase in court costs and in the amount of fees payable to briefing-out solicitors, barristers and other professionals (such as expert witnesses) in private practice, and hence have made a provision of \$379.8 million and \$470 million respectively in 2014-15 to provide the necessary support for the anticipated legal proceedings and related matters.

2. The amount to be spent on court costs and briefing-out depends on the number of cases involved, their complexity and development of the cases. The current estimated expenditure was worked out mainly on the basis of the anticipated progress of the cases, but the actual expenditure would ultimately depend on the development and outcome of the cases concerned. Although these factors are not entirely within the control of the Government, we will observe the principle of economy appropriately and exercise prudence in controlling the relevant expenditure, subject to the consideration that the quality of service provided by DoJ shall not be compromised.

3. I will now outline the DoJ's work in the new financial year.

Programme (1) – Prosecutions

4. Regarding prosecutions, we will further enhance the standards of advocacy and case preparation, as well as the quality of prosecutions service, while continuing to promote cross-border co-operation amongst prosecutors in the combat of crime. At the same time, we will strive to enhance the public's understanding of the criminal justice system.

5. Moreover, the Prosecutions Division will implement various measures with a view to modernising the Division and enhancing its efficiency. Last year, we published a completely new Prosecution Code. We also established coordinators or specific units for particular types of cases so that prosecutions could be handled more effectively and efficiently. Furthermore, we continued to provide various continuous trainings to our in-house prosecutors, and organised the biannual Joint Training Programme in conjunction with the Hong Kong Bar Association and the Law Society of Hong Kong for new lawyers in private practice. Apart from active participation in fora and events organised by international prosecuting organisations, we hosted the 12th Heads of Prosecuting Agencies Conference last year. Over 40 heads of prosecution agencies or their representatives from different places participated in the conference, during which they jointly examined the challenges of modern prosecutions work.

6. Given the success of the conferences on criminal law held in the past two years, such conferences will become one of our annual feature events. In 2014, we will also embark on a "Meet the Community" programme, whereby we will arrange prosecutors of DoJ to visit schools and community institutions to give talks to enhance the public's understanding of the criminal justice system and their appreciation of the importance of the rule of law.

Programme (2) – Civil

7. The Civil Division will continue to provide legal advice to all government bureaux and departments on civil matters, assist in the drafting of relevant documents and contracts, and represent the Government in civil litigation and dispute resolution proceedings. We anticipate the number of applications for judicial review will remain at a high level, covering a wider area, and involving legal issues of increasing complexity. Provision of legal advice and litigation support to the Government on the related matters will remain to be one of the major tasks of the Division.

8. On the other hand, the Mediation Team of the Civil Division will continue to assist the Steering Committee on Mediation set up in late 2012 in further promoting the wider use and development of mediation in Hong Kong. The Steering Committee held just now a "Mediation Week" from 20 to 27 March, with various activities including a 2-day mediation conference under the theme of "Mediate First for a Win-Win Solution". Different sectors of the community participated actively in the event. We have also produced a new Announcement in Public Interest on mediation with both video and audio clips so as to enhance the public's understanding

of mediation. The Steering Committee will continue to take forward various tasks, including detailed study of the possible need for an apology legislation, and consideration of ways to collect mediation data for the purpose of monitoring the operation of the Mediation Ordinance. In addition, apart from organising mediation training for Government Counsel in DoJ, the Mediation Team will continue to conduct a number of mediation seminars, workshops and experience sharing sessions for civil servants in conjunction with the Civil Service Bureau so as to promote mediation within Government.

Programme 3 – Legal Policy

9. In respect of legal policy, in line with the principal function of DoJ to uphold the rule of law and justice, we will continue to provide legal advice to the Government in respect of the Basic Law, human rights and other constitutional issues so as to ensure that all legislation proposed, and actions taken, by the Government is consistent with the Basic Law and other legal requirements.

10. We will also continue to co-ordinate and actively participate in the work of two working groups set up to study the protection of the legal rights of transsexual persons and class actions respectively, so as to facilitate the two working groups to submit their recommendations on these two complex topics to the Government.

11. On legislative work, we will introduce the Contracts (Rights of Third Parties) Bill and the Statute Law (Miscellaneous Provisions) Bill into the Legislative Council in order to improve the existing law concerned. To implement the Law Reform Commission's Report on Enduring Powers of Attorney: Personal Care, we will prepare a bill for public consultation.

12. We will actively consolidate and enhance Hong Kong's status as a leading centre for international legal and dispute resolution services in the Asia Pacific region. Specifically, we will continue to work with the legal profession and arbitration institutions to promote the legal and arbitration services of Hong Kong in the Mainland and overseas. Further to the promotion events held in different places earlier, the DoJ will organise the Hong Kong Legal Services Forum and a conference on arbitration in the Shandong Province in this September.

13. Furthermore, we plan to establish an Advisory Committee on Promotion of Arbitration to advise on and co-ordinate the development and promotion of Hong Kong's international arbitration services. Members

will include representatives of the Government and related sectors. We will also conduct a study on the development and the prospect of arbitration in Hong Kong, as well as the challenges and opportunities that Hong Kong faces as a regional centre for international arbitration in the Asia Pacific region.

Programme (4) – Law Drafting

14. In the coming year, the Law Drafting Division will gear its work towards the legislative programme of the Government in drafting various pieces of important legislation to facilitate the implementation of the relevant policies as scheduled.

15. Apart from reflecting policy intents accurately and effectively, making statutory provisions easy to read and comprehend will remain to be an important work objective of the Law Drafting Division. In this connection, we will step up training for law drafters to enhance the quality of drafting, develop and improve the expertise and skills in respect of bilingual law drafting in Hong Kong.

16. My colleagues in the Law Drafting Division are pressing ahead with the establishment of a new electronic database of legislation with legal status. We have just completed the system analysis and design stage for phase 1.

Programme (5) – International Law

17. In the coming year, the International Law Division will continue with its work in the provision of advice on international law issues, negotiation of international agreements or participation as legal advisers in such negotiations, and handling of requests for international legal co-operation. We will also continue to handle and co-ordinate requests to and from the HKSAR concerning surrender of fugitive offenders, transfer of sentenced persons, mutual legal assistance and international child abduction cases.

18. In the past year, the International Law Division actively participated in the work of the Hague Conference on Private International Law, including the support provided to the work of the Asia Pacific Regional Office of the Hague Conference in Hong Kong. In the coming year, we will continue with our efforts in this area and contribute to the work of the Hague Conference to promote and strengthen international co-operation.

Conclusion

19. The above sets out the major work of DoJ in the coming financial year. My colleagues and I will be pleased to take questions from Members and listen to your views.

Thank you.

**Presentation by Secretary for Financial Services and the Treasury
at the Special Meeting of the Finance Committee
on Monday, 31 March 2014**

Chairman,

I will briefly introduce the estimates of expenditure for financial services and our key initiatives in 2014-15.

Estimates of Expenditure

2. For 2014-15, I have allocated about \$1 billion from my operating expenditure envelope to the Financial Services Branch and departments under its purview. The amount represents an increase of \$120 million over last year.

Key Areas of Work in the Coming Year

3. We will focus our work in respect of financial services in the coming year on leveraging our competitive advantages to reinforce Hong Kong's status as an international financial centre, managing market systemic risks amidst an uncertain international market, and protecting investors.

**(I) Developing Offshore Renminbi Business in Hong Kong and
Enhancing Financial Co-operation with the Mainland**

4. To further strengthen Hong Kong's offshore Renminbi (RMB) business, we will continue our dialogue with the relevant Mainland authorities to deepen the circulation of RMB funds between the two places, complementing the country's target in realising the convertibility of the RMB capital account. We are also actively strengthening our RMB business links with overseas markets, promoting RMB business between Hong Kong banks and international financial institutions and corporates, and providing RMB services to overseas financial institutions and corporates at the wholesale level.

5. Furthermore, we will continue to negotiate for more access opportunities for Hong Kong's financial institutions and professionals under the Mainland and Hong Kong Closer Economic Partnership Arrangement

and regional platforms, which will bring mutual benefits to both places.

(II) Promoting Market Development

6. On promoting market development, I would like to give a brief account of our priorities.

(i) Fund and Asset Management Business

7. We are developing Hong Kong into a full-fledged fund service centre proactively. We have just launched a public consultation on a proposal to introduce an open-ended fund company structure to cater for the establishment of fund vehicles in corporate form. Our objective is to create a more flexible business environment for attracting more mutual funds and private funds to domicile in Hong Kong. We will brief Members on the proposal at the Panel on Financial Affairs of the Legislative Council (LegCo) in April.

8. Meanwhile, we are also preparing legislation to extend the tax exemption for offshore funds to private equity funds.

9. We have set up a task force to review the requirements under the Inland Revenue Ordinance for interest deductions in the taxation of corporate treasury activities. It is expected that concrete proposals will be put forward to the Financial Secretary within one year.

10. The trust law reform, which came into effect last December, has enhanced the competitiveness of Hong Kong's trust services industry. We will continue to work with the industry to promote Hong Kong's strengths in this respect.

(ii) Bond Market

11. We plan to launch a further issuance of inflation-linked retail bonds (iBond) worth not more than \$10 billion with a maturity of three years. Moreover, the Loans (Amendment) Ordinance 2014 was just enacted by the LegCo last week. We will consider issuing sukuk under the Government Bond Programme in the light of prevailing market conditions and needs.

(iii) Captive Insurers

12. The Bill for providing tax concession for captive insurers was passed on 19 March. We will step up our promotion efforts to attract more

enterprises to form captive insurers in Hong Kong.

(iv) Implementing the New Companies Ordinance

13. The new Companies Ordinance came into operation on 3 March. We will closely monitor its implementation and continue with our publicity campaign to enhance public awareness of the new ordinance.

(v) Improving Corporate Insolvency Law

14. We have commenced the corporate insolvency law improvement exercise to facilitate more efficient administration of the winding-up process and enhance protection for creditors. A public consultation on a package of legislative proposals was completed in July last year, with an overwhelming majority of respondents supporting the proposals. Our plan is to introduce relevant amendments into the LegCo in the next legislative session. We also plan to seek further views from stakeholders on the specific proposals of the statutory corporate rescue procedures in the coming months.

(vi) Waiving Stamp Duty for the Trading of All Exchange Traded Funds

15. The exchange traded funds (ETF) market has seen rapid development in recent years. In the face of keen competition in the region, we must make every effort to stay in the lead. We propose to waive the stamp duty for the trading of all ETFs to lower the transaction costs of all ETFs tracking indices that comprise Hong Kong stocks. We plan to introduce the legislative amendments into the LegCo in the next legislative session.

(III) Investor Protection

16. The third key area of work is to enhance investor protection. I would like to highlight some major initiatives.

(i) Enhancing the Mandatory Provident Fund System

17. On the Mandatory Provident Fund (MPF) System, together with the Mandatory Provident Fund Schemes Authority, we are actively pursuing different measures with a view to achieving a substantial reduction in MPF fees and enhancing the system. Our focus includes consulting the public later this year on the proposal of including in each MPF scheme a core fund as the default fund.

(ii) Establishing an independent Insurance Authority

18. We will introduce a bill for establishing an independent Insurance Authority (IIA) into the LegCo in the second quarter with a view to passing the Bill within 2015.

(iii) Uncertificated Securities Market

19. Regarding the introduction of an uncertificated securities market regime, we plan to introduce a Bill into the LegCo in the second quarter of this year for establishing a broad regulatory framework for enabling the introduction of the regime. Greatly in support of this market enhancement measure, the Securities and Futures Commission (SFC), the Hong Kong Exchanges and Clearing Limited and the Federation of Share Registrars Limited have been working closely to study the operational model of the proposed regime. The next steps will be for the SFC and stakeholders to work out the operational details and prepare the relevant subsidiary legislation and Rules of the Exchange for public consultations.

(iv) Regulating Stored Value Facilities and Retail Payment Systems

20. We seek to introduce the Clearing and Settlement Systems (Amendment) Bill into the LegCo in the next legislative session to regulate stored value facilities and retail payment systems. We will also brief Members on the proposal at the meeting of the LegCo Panel on Financial Affairs in April.

(v) Manpower training

21. In response to the aspiration of the industry, we will first carry out studies in talent training for the insurance and asset/wealth management sectors, and will maintain close liaison with the industry during the process. Our aim is to complete the studies and submit our recommendations to the Financial Secretary within a year. Meanwhile, the SFC has made a provision of \$20 million in its 2014-15 budget for talent training for intermediaries in the securities sector, particularly the small and medium-sized firms.

(IV) International regulatory requirements

22. To take forward international regulatory requirements, we will focus on three priorities in the coming year.

(i) Basel III

23. To align with international regulatory standards for banks, we will introduce into the LegCo the relevant subsidiary legislation on the liquidity and capital buffer requirements under Basel III this year.

(ii) Establishing an Effective Cross-sectoral Resolution Regime for Financial Institutions

24. To address the risks posed by the failure of systemically important financial institutions and to ensure the continuity of systemically important financial services and clearing and settlement systems, the Government, in conjunction with the financial regulators, launched on 7 January the first stage of a three-month public consultation on establishing an effective resolution regime for financial institutions. We plan to conduct the second stage of the public consultation with more specific details of the resolution regime later this year.

(iii) Auditor Regulatory Reform

25. In view of the international trend that the oversight of the regulation of auditors is to be independent of the profession itself, we are discussing with the Financial Reporting Council and the Hong Kong Institute of Certified Public Accountants to explore how to enhance the independence of Hong Kong's regulatory regime for auditors of listed entities. We plan to conduct a public consultation on the reform proposals in the middle of the year.

26. To conclude, we will continue to keep a close watch on market developments and the trend of market regulation at the international level. We will work closely with the regulators and the industry to implement the above-mentioned working plans. Chairman, my colleagues and I are happy to answer any enquires from Members.

**Presentation by Secretary for Financial Services and the Treasury
at the Special Meeting of the Finance Committee
on Monday, 31 March 2014**

Chairman and Members,

This session of the special meetings of the Finance Committee will examine the expenditure estimates of the Treasury Branch and related departments. The Treasury Branch oversees several programmes, which cover revenue and financial control, provision of central 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 Programmes

2. The estimated total recurrent expenditure for the three programmes for 2014-15 is estimated at \$8,015.14 million, with about \$4,700 million on revenue and financial control, about \$2,400 million on provision of central support services within the Government, and about \$900 million on maintenance of government properties.

Key Areas of Work in the Coming Year

3. As regards our work in the coming year, I would like to highlight the following key areas:

- (a) The Working Group on Long-Term Fiscal Planning released its report on 3 March. According to its analysis, the Government's overall fiscal position in the short to medium term remains healthy. In the long term, however, if government expenditure growth keeps outpacing revenue growth, a structural deficit would be inevitable. We must seek to bolster economic growth and align the growth rates of government revenue and government expenditure so as to maintain the fiscal discipline enshrined in Article 107 of the Basic Law. The Working Group recommends that the Government should adopt a multi-pronged approach to keep promoting economic development on the one hand, and take a series of fiscal measures on the other. In the coming year, we will conduct a more concrete analyses and

assessments on the proposed fiscal measures in collaboration with the Working Group to facilitate further consideration.

- (b) On tax agreements and exchange of information (EoI), it remains our policy priority to strive to expand Hong Kong's network of comprehensive avoidance of double taxation agreements (CDTAs) to cover Hong Kong's major trading and investment partners. We will continue to take forward our work in this regard. Moreover, we reckon the latest international standard on EoI for tax purposes that a jurisdiction should make available both CDTA and tax information exchange agreement (TIEA) as instruments for EoI. With the enactment of the relevant legislation in July last year, Hong Kong is able to enter into standalone TIEAs with other jurisdictions where necessary. We will follow up on this area of work.
- (c) With the growing aspirations of the international community on enhancing tax transparency and strengthening tax cooperation, we will review the EoI arrangements in Hong Kong in the light of experience gained under CDTAs and TIEAs. The Government will continue to engage local stakeholders and address relevant policy and legal issues, with a view to developing a sustainable model of EoI for Hong Kong.
- (d) To prevent cost-recovery items being turned into heavily subsidized items, all policy bureaux and departments review their respective fees and charges. Last year, we reviewed fees and charges which did not directly affect people's livelihood. We shall review other fees and charges this year, including water charges, which have not been revised for 19 years, the fees for use of leisure facilities and services, and charges relating to environmental hygiene services. In reviewing the fees and charges, we shall take into account factors including the specific circumstances of the services provided, public affordability and acceptability, and the views of the Legislative Council Members before making proposals for fee revisions. All government departments will also strictly control costs and reduce the need for increasing fees and charges as far as possible.
- (e) We will continue to relocate those government offices which are non-location bound from core business districts as far as possible to help provide additional commercial floor area. Upon completion of the new Trade and Industry Tower at the Kai Tak

Development Area by mid-2015, the Trade and Industry Department Tower site in Mong Kok will be released for commercial use. We are also proceeding with the phased relocation of departments in the three government office buildings at the Wan Chai waterfront. The construction of West Kowloon Government Offices in Yau Ma Tei is expected to commence next year for completion in 2018-19, providing a total net operation floor area of about 11 000 square metres for reprovisioning some of the departments currently accommodated in the three government office buildings at the Wanchai waterfront, thus releasing the floor area for commercial use. Planning is also under way for the construction of other replacement government office buildings in Cheung Sha Wan, Kai Tak Development Area and Tseung Kwan O. Subject to the resources available, the works projects are expected to be rolled out from 2017-18 onwards.

4. Chairman, my colleagues and I will be happy to answer any questions that Members may wish to raise. Thank you.

Financial Services and the Treasury Bureau
March 2014

**Presentation by Secretary for Constitutional and Mainland Affairs
at the Special Meeting of the Finance Committee
on Tuesday, 1 April 2014**

Chairman,

I wish to brief Members on the main points of the financial estimates of the Constitutional and Mainland Affairs Bureau ("CMAB") in 2014-15.

(I) Estimates of Expenditure of CMAB

2. In 2014-15, CMAB is allocated \$582.9 million, which is \$85.1 million (about 17.1%) higher than the revised estimates for 2013-14.

3. The estimated increase mainly caters for the provision of funding for the following items –

- (a) carrying out the public consultation on the methods for selecting the Chief Executive in 2017 and for forming the Legislative Council in 2016;
- (b) setting up a new Economic and Trade Office ("ETO") in Wuhan and making preparatory work to set up liaison units in the Northern and Eastern Regions of the Mainland to further enhance the service network and coverage;
- (c) hosting the 10th Pan-Pearl River Delta ("PPRD") Region Co-operation and Development Forum cum Trade Symposium jointly with Guangdong Province and Macao Special Administrative Region;
- (d) promoting understanding on ethnic minorities and equal opportunities for people of different sexual orientations and transgenders; and
- (e) increasing subvention to strengthen the capacity of the Equal Opportunities Commission and Office of the Privacy Commissioner for Personal Data to discharge their statutory duties.

(II) Constitutional Development

4. The Hong Kong Special Administrative Region ("HKSAR") Government is currently consulting the public on the methods for selecting the Chief Executive in 2017 and for forming the Legislative Council in 2016. As at 31 March 2014, the Government has attended more than 100 events related to constitutional development and so far received over 10 000 written submissions since the commencement of the consultation. After the end of the consultation period, we will summarise and consolidate views received, with a view to facilitating the Chief Executive to make a report to the Standing Committee of the National People's Congress to formally kick-start the "First Step" of the "Five-step Process" of constitutional development. It is the common aspiration of the Central Authorities, the HKSAR Government and the people of Hong Kong to successfully implement universal suffrage for the Chief Executive election in 2017. The HKSAR Government is devoted and committed to forging a consensus in the community. In this regard, we have set aside about \$12 million (excluding staff cost) and created 7 time-limited posts in 2014-15 for the public consultation for the two electoral methods.

(III) Promoting the Basic Law

5. We have continued to set aside, in 2014-15, about \$16 million for organising promotional activities to facilitate the public's awareness and understanding of the Basic Law. The focus of our promotion efforts this year includes constitutional development on the basis of the Basic Law.

(IV) Electoral Arrangements

Review of the Boundaries of District Council Constituency Areas for the 2015 DC Election

6. In accordance with the Electoral Affairs Commission Ordinance (Cap. 541), one of the functions of the Electoral Affairs Commission ("EAC") is to review the boundaries of district council constituencies for the purpose of making recommendations on the delineation boundaries and names of constituencies for a District Council election. For the 2015 District Council election, the EAC should submit its report and recommendations to the Chief Executive by 5 November 2014. The report shall then be considered by the Chief Executive in Council. We shall follow up with the decision of the Chief Executive in Council in this respect, and amend the relevant legislative provisions accordingly.

2014 Voter Registration

7. The 2014 Voter Registration campaign has been launched in the first half of March. The Registration and Electoral Office ("REO") will encourage eligible persons, particularly young people aged 18 and over, to register as electors and remind registered electors to update their registration particulars in a timely manner. The REO will also continue to implement checking measures to ensure the accuracy of the registered particulars of electors as far as practicable.

(V) Rights of the Individual

8. In 2014-15, the estimated total provision in human rights under the Bureau, including subventions to the Equal Opportunities Commission ("EOC") and the Office of the Privacy Commissioner for Personal Data ("PCPD"), amounts to \$193 million. This represents an increase of \$14.2 million when compared with the revised estimates for 2013-14 at \$178.8 million.

Promotion of Racial Equality

9. The Administration will promote racial equality through enhanced publicity and public education. The Administration will co-operate with Radio Television Hong Kong to produce a TV series and conduct a school outreach programme to help the public understand the cultures and customs of ethnic minorities, overcome barriers and eliminate discrimination. The estimated provision for the above initiatives is about \$3.35 million.

Sexual Minorities

10. To better address the issue of discrimination faced by sexual minorities, we established a dedicated Advisory Group ("Advisory Group") last June to advise on matters specially relating to concerns about discrimination faced by sexual minorities in Hong Kong. On the advice of the Advisory Group, we have commissioned a consultant to conduct a study about whether sexual minorities are discriminated against in Hong Kong and, if so, the discrimination they experienced, and how they responded to it. The study is in progress. The results of the study would form a basis for further consideration by the Advisory Group on how to take forward its work.

11. We will also continue to strengthen the promotion of equal opportunities for people of different sexual orientations and transgenders

through public education and publicity, including further increasing the provision for the Equal Opportunities (Sexual Orientation) Funding Scheme, continuing to promote the Code of Practice against Discrimination in Employment on the Ground of Sexual Orientation to different levels of management in public and private sector organisations, and promoting the message concerned through a variety of channels and platforms.

Promotion of Children's Rights

12. The HKSAR Government is determined to promote children's rights. In 2014-15, we have earmarked about \$1.25 million (excluding staff cost) for implementing programmes for enhancing children's rights promotion. We will continue to promote children's rights through, inter alia, the Children's Rights Education Funding Scheme, the Children's Rights Forum, and continued efforts in publicity and public education.

EOC and PCPD

13. The EOC continues to be responsible for the implementation of the four anti-discrimination ordinances, including Sex Discrimination Ordinance (Cap.480), Disability Discrimination Ordinance (Cap.487), Family Status Discrimination Ordinance (Cap.527) and Race Discrimination Ordinance (Cap.602). The total subvention for the EOC in 2014-15 is \$101.4 million, which represents an increase of about \$7.2 million (i.e. 7.6%) over the 2013-14 revised estimate. The PCPD continues to enforce the Personal Data (Privacy) Ordinance. In 2014-15, we propose to allocate \$68.4 million to the PCPD, which represents a 5.9% increase over the 2013-14 revised estimates of \$64.6 million. This includes additional subvention of \$4.2 million to enable the PCPD to create 7 additional posts.

(VI) Mainland Affairs and Co-operation with Taiwan

14. In 2014-15, the financial provision under Programme (3) for the Mainland and Taiwan Offices is \$251.6 million, representing an increase of 22.4% when compared with the revised estimates for 2013-14.

National Five-Year Plans

15. Implementation of the policy initiatives outlined in the "Chapter on Hong Kong and Macao" of the National 12th Five-Year Plan is the HKSAR Government's major area of work. The Steering Committee on Co-operation with the Mainland chaired by the Chief Secretary for Administration has all along been providing the steer and co-ordinating with

the relevant policy bureaux and departments on the implementation of the various policy initiatives. Under the "One Country, Two Systems" principle, the HKSAR Government has also commenced the groundwork to complement the drafting of the National 13th Five-Year Plan. At this stage, relevant bureaux and departments are consulting the relevant sectors and advisory committees to solicit their views on the initially identified topics for study.

Setting up liaison units in the Mainland

16. It is announced in the Policy Address this year that we will be setting up more liaison units in the Mainland to strengthen economic and trade relations between Hong Kong and the Mainland through enhancing G2G (Government-to-Government) co-operation. Firstly, we intend to set up a liaison unit under the Beijing Office in the Northern Region this year. Having studied the matter, we consider that Shenyang City of Liaoning Province is the preferred location to set up the liaison unit, so as to facilitate Hong Kong residents and enterprises in capitalising on the opportunities brought about by the rapid development of the Northeast Region. As the next step, we plan to set up a liaison unit in the Eastern Region under Shanghai ETO next year. As the geographical coverage of the Shanghai ETO will be adjusted upon the establishment of the Wuhan ETO, we will decide the location of the liaison unit in the Eastern Region in light of the new coverage at a later stage. Besides, the Wuhan ETO also formally commences operation today (1 April) in a temporary office. Although it takes time for staff deployment and the Director of Wuhan ETO is speeding up to identify suitable office premises, the staff that have reported duty will strive to actively provide support to Hong Kong residents and bodies, and to enhance the exchanges and co-operation between Hong Kong and provinces in the Central Region.

Regional Co-operation

17. To deepen regional co-operation with the Mainland, we will continue to enhance communication and co-operation with Guangdong, the PPRD Region, the municipalities of Shanghai and Beijing, and promote the strengths of Hong Kong, as well as economic and trade relations with the regions concerned.

18. We will be hosting the 10th PPRD Co-operation and Development Forum cum Trade Symposium jointly with Guangdong Province and Macao Special Administrative Region this year. We are in discussion with governments of Guangdong and Macao on the details of the related

activities, with a view to organising a successful forum which could facilitate investment to go in and out of PPRD provinces and could open up business opportunities for our trade and make the most of Hong Kong's role of "Super-Connector".

Development of Hong Kong – Taiwan Relations

19. Hong Kong and Taiwan continue to conduct exchanges and co-operation on public policy areas through the "Hong Kong-Taiwan Economic and Cultural Cooperation and Promotion Council" and the "Taiwan-Hong Kong Economic and Cultural Co-operation Council". In addition, our "Hong Kong Economic, Trade and Cultural Office" in Taiwan will continue to promote Hong Kong through organising and participating in various activities.

Constitutional and Mainland Affairs Bureau
April 2014

**Presentation by Secretary for Security
at the Special Meeting of the Finance Committee
on Tuesday, 1 April 2014**

Chairman,

- In the draft Estimates for the new financial year (2014-15), the allocation on the security policy area group is \$38.7 billion, representing 9.4% of the total government expenditure. The two policy areas of Internal Security and Immigration Control under my responsibility will account for \$32.5 billion.

Law and Order

- The overall law and order situation in Hong Kong saw further improvement in 2013. The overall crime figure in 2013 represented a drop of 4%, whilst the violent crime figure registered a decrease of about 5.2% as compared with 2012. Most crimes recorded significant decreases and seven types of major cases, including robbery, burglary, wounding and serious assault, theft, criminal damage, triad-related offences and youth crimes, fell to new lows in the past decade.
- The major operational targets of the Commissioner of Police for 2014 are to combat violent crimes, triads syndicated and organised crimes, dangerous drugs and "quick-cash" crimes, to promote cyber security and combat technology crimes, and to maintain professionalism in ensuring public safety and counter terrorism work.
- The Police will also create 169 new posts mainly for upgrading the Technology Crime Division to a new Cyber Security and Technology Crime Bureau, strengthening the engagement of young people and the elderly, and strengthening the manpower establishment for Tseung Kwan O Police Division by phase in preparation for its upgrading to a Police District.

Establishment of Cyber Security and Technology Crime Bureau

- In order to strengthen Police's ability to protect information systems of critical infrastructure and enhance their capability to prevent and combat

technology crimes, the Police will upgrade the existing Technology Crime Division to a new Cyber Security and Technology Crime Bureau (CSTCB) in 2014.

- The new CSTCB will increase the Police's overall capability in handling cyber security and combating technology crimes. We will consult the Panel on Security later this year on the proposed creation of a permanent Chief Superintendent of Police post for the new CSTCB.

Engaging the Youth and the Elderly

- Young people are the future of our society. The Police will enhance the engagement with young people through enhanced support to the Police School Liaison Programme and different types of activities of the Junior Police Call, with a view to building their self confidence, instilling positive value in them, developing their leadership skills and self discipline and promoting the spirit of serving the community.
- The Police have since February 2014 fully rolled out the Senior Police Call programme, which will provide an effective platform to enhance communication between the Force and the elderly, to develop partnership with them and to enhance the awareness of the elderly on crime prevention and road safety.

Control Points and e-Channel Service

- The number of visitors arriving Hong Kong has continued to grow over the past few years. In 2013, the total number of visitor arrivals reached 54.3 million, representing a 12% increase from 2012. In the 2014-15 financial year, there will be a net increase of 138 posts in ImmD, among which 85 will be deployed for carrying out immigration control duties at control points. We will strive to have them deployed to control points as soon as possible to relief the manpower pressure thereat.
- Convenience measures introduced to shorten the waiting time for clearance in recent years, including the extension of e-Channel service to frequent visitors, implementation of non-stamping immigration clearance for visitors, and launching of Immigration Mobile Application for the public to obtain information on the estimated waiting time at land boundary control points, have been proven effective.
- Moreover, following the implementation of the use of automated clearance services on a mutual basis with the Republic of Korea at the end

of last year, ImmD is actively discussing the further implementation of this service with other European and Asian countries to provide greater convenience to inbound and outbound travellers. Details will be announced once confirmed.

Entry of Talents

- We adopt an open immigration regime and have implemented a series of admission schemes to facilitate the entry of non-local talents. These include the General Employment Policy, the Admission Scheme for Mainland Talents and Professionals and the Quality Migrant Admission Scheme, which allow professionals and talents to take up employment or residence in Hong Kong. The Immigration Arrangements for Non-local Graduates aim to encourage non-local students to stay in Hong Kong. As at end 2013, there were more than 88,000 overseas and Mainland professionals working in Hong Kong, accounting for more than 2% of the local labour force.
- In view of Hong Kong's human capital needs, we will strengthen publicity of the schemes and enhance our cooperation with the Mainland and overseas economic and trade offices, in order to attract more quality talents to Hong Kong and to improve the quality and competitiveness of the population.

United Screening Mechanism

- The unified screening mechanism (USM) commenced operation on 3 March 2014 to screen non-refoulement claims against removal to another country on various grounds including risks of being subjected to torture, cruel, inhuman or degrading treatment or punishment (CIDTP), and/or persecution upon removal to that country.
- The procedures of the USM follows that for the statutory torture claim screening mechanism to ensure that they meet with the high standards of fairness required by the Court and to implement our policy objective, i.e., to effectively screen non-refoulement claims in accordance with the high standards of fairness required by the Court, and at the same time to reduce the chance of the system being abused by anyone to protract his illegal presence in Hong Kong, attracting other "economic migrants" to come here.

Public Safety

- To enhance public safety, the Fire Services Department (FSD) will create 137 additional posts in the new financial year, mainly for adding 10 ambulance shifts to enhance emergency ambulance services; meeting the additional workload of vetting fire safety provisions arising from the anticipated new housing supply; and deploying to the Pat Heung Fire Station to meet the increase in fire service needs, etc.
- To ensure the safety of frontline personnel and the efficiency of operations, FSD will replace fire service and ambulance equipment in a timely manner. The expenses on the procurement of fire appliances, vessels, ambulances and major equipment, etc. for 2014-15 are estimated to be around \$360 million.
- FSD also plans to introduce the Registered Fire Engineer Scheme to enable third party to participate in fire safety certification. Under the Scheme, licence applicants (such as food premises operators, etc.) may choose to use the services of fire engineers or FSD in respect of fire safety risk assessment and compliance inspection of fire service installations, etc. This will allow business operators to meet their business needs and shorten the time required for obtaining a licence. FSD has completed the trade consultation and is preparing the legislative amendments.

Custody and Rehabilitation of Detainees

- The Correctional Services Department (CSD) has been implementing various measures to improve ageing correctional facilities. Works of the partial redevelopment programme of the Tai Lam Centre for Women have commenced in mid-2012 and will be completed in end-2016. Efforts will continue to be made to enhance other penal facilities, such as seeking funding from the Legislative Council for the replacement and enhancement of the closed-circuit television system for Stanley Prison and the installation of electric locks security system at Tai Lam Centre for Women.
- CSD will continue to provide market-oriented vocational training to inmates and work with various sectors of the community to facilitate the re-integration of inmates into the society.

Combating Drug Abuse Problem

- The Government tackles the drug problem in a holistic manner through the five-pronged strategy of preventive education and publicity,

treatment and rehabilitation, legislation and enforcement, external co-operation and research. Concerted efforts injected into the anti-drug war in the past few years have seen a substantial decline in the number of newly reported drug abusers and young drug abusers. Nonetheless, in view of the growing problem of hidden drug abuse, we will continue to encourage people with drug problems to seek help early, as well as enhance community awareness on the drug problem to facilitate early intervention for offering assistance.

- In January, the Action Committee Against Narcotics (ACAN) completed the public consultation exercise on the RESCUE Drug Testing Scheme (RDT). ACAN is in the process of analysing the submissions received, and will recommend the way forward within the year. The Government has an open mind. Community consensus is a prerequisite for pursuing the scheme.
- Tackling drug activities at source is an important aspect of our anti-drug strategy. Taking into account the prevalence of transnational drug trafficking activities, the Customs and Excise Department will set up a dedicated team, supported by an additional 52 posts to strengthen existing law enforcement actions, and to foster closer liaison and intelligence exchange with Mainland and overseas law enforcement agencies, allowing the mounting of time critical joint operations.

Chairman, this concludes my opening remarks. My colleagues and I will be happy to answer questions from Members.

Security Bureau
April 2014

**Presentation by Secretary for Environment
at the Special Meeting of the Finance Committee
on Tuesday, 1 April 2014**

Chairman,

I would like to brief Members on the part of the Estimates relating to the Environment Bureau (ENB) and the key foci of our work in the new financial year.

Allocation of More Resources

2. The Government has been allocating more resources to environmental protection, and puts emphasis on better air quality, cleaner sea water and better management of solid waste, to enhance the quality of living of our community. In this financial year, the total allocation to ENB and departments in my portfolio is about \$16.1 billion, which is 21% or about \$2.8 billion more than the revised estimate for 2013-14.

3. Of the total allocation of \$16.1 billion, about \$6.8 billion is recurrent expenditure, up \$900 million from the revised estimate for 2013-14. The additional provision is mainly for meeting the operational costs of the newly completed sewage treatment facilities and District Cooling System; taking forward waste reduction and recycling initiatives such as operating Community Green Stations; managing surplus public fill for re-use and reviewing the regulatory framework for the electricity market. As regards the number of posts in ENB and the Environmental Protection Department (EPD), there will be an increase of 94 posts in 2014-15.

4. The provision in 2014-15 for non-recurrent expenditure, capital account and cash flow for projects under Capital Works Reserve Fund is about \$9.3 billion, representing an increase of about \$1.9 billion over the revised estimate for 2013-14. The increase is mainly for implementing the ex-gratia payment scheme to phase out pre-Euro IV diesel commercial vehicles and subsidising the trial of electric buses by franchised bus companies.

5. I will now give a brief outline of the work priorities of ENB in the coming year.

Waste Management

6. Our waste problem is imminent. In the "Blueprint for Sustainable Use of Resources" released by ENB in 2013, we have set an aggressive target to reduce the per capita disposal rate of municipal solid waste (MSW) by 40% by 2022. We are taking forward the following measures in parallel:

- (a) Waste reduction at source, including quantity-based MSW charging and producer responsibility schemes;
- (b) Food Wise Hong Kong Campaign;
- (c) Clean recycling;
- (d) Turning waste to energy; and
- (e) Improvements for more hygienic transportation and treatment of waste.

7. To strengthen efforts in reducing waste at source and promoting the development of the recycling industry, the Steering Committee to Promote the Sustainable Development of the Recycling Industry led by the Chief Secretary for Administration is studying various measures such as stepping up training of the recycling workforce, developing a certification scheme for recyclers, improving the collection network in the community, promoting green procurement etc. to support the sustainable development of the recycling industry. The Government has earmarked \$1 billion for setting up a Recycling Fund. A proposal on the specific uses of the fund will be formulated this year for consultation with the Panel on Environmental Affairs of the Legislative Council (LegCo).

8. I trust Members are aware of our progress in implementing the various waste reduction measures. Yet even with all the measures implemented and waste reduction targets achieved as planned, in 2017 there will still be about 10 000 tonnes of waste per day. We shall invest about \$30 billion in infrastructures for waste recycling and treatment. We plan to develop the Phase 1 Integrated Waste Management Facilities (IWMF) for handling 3 000 tonnes of MSW per day and turn waste to energy by advanced incineration technologies meeting the European Union's standards. Nonetheless, landfills are still an essential and ultimate part of the waste management chain for the disposal of non- recyclables, non-combustible waste, construction waste and post-treatment residues. We are also pressing ahead with the provision of organic waste treatment facilities, Community Green Stations, and treatment and recycling facilities for waste electrical and electronic equipment.

Energy

9. On energy, we launched in March 2014 a three-month public consultation on the future fuel mix for electricity generation. Two fuel mix options were put forward for public consultation, including (a) "grid purchase", under which we proposed importing electricity through purchase from the Mainland power grid; and (b) "local generation", under which we proposed using more natural gas for local generation. The Government adopts an open position on the two fuel mix options and we will map out the way forward having regard to the outcome of the public consultation. The future fuel mix for electricity generation will have an impact on the mode of electricity supply in Hong Kong and set the scene for the review of the post-2018 regulatory framework for the electricity market. In this regard, we have set aside resources for reviewing the regulatory framework for the electricity market.

Improving Air Quality

10. On improving air quality, our priority is to reduce roadside air pollution. I am most thankful for the support of LegCo earlier on for phasing out some 82,000 pre-Euro IV diesel commercial vehicles by 2020. We have launched on 1 March the ex-gratia payment scheme to assist the affected vehicle owners. The financial involvement of the scheme is about \$11.4 billion. It is estimated that after we have phased out these highly polluting vehicles, the emissions of respirable suspended particulates and nitrogen oxides from local vehicles will be reduced by 80% and 30% respectively. Together with the implementation of other air quality improvement measures in Hong Kong and the Pearl River Delta Region, Hong Kong's air quality will improve significantly, and the new Air Quality Objectives will be broadly achieved by 2020.

11. Electric vehicles (EVs) have no tailpipe emissions. Replacement of conventional vehicles with EVs can help improve roadside air quality and reduce greenhouse gas emissions. At present, as the technology of EVs is still under development, extension of the waiver of first registration tax for EVs is particularly important for promoting the use of EVs. I thank LegCo for passing the resolution to extend the first registration tax waiver for EVs by three years to March 2017. To strengthen the supporting infrastructure for EVs, we will launch a pilot scheme enabling suppliers of electric taxis to install quick chargers at car parks managed by the Transport Department. This year will also see the addition of 100 medium chargers in different districts.

Improving Harbour Water Quality

12. The major works of Stage 2A of the Harbour Area Treatment Scheme (HATS) at an estimated cost of \$17.5 billion are expected to be completed the end of this year. All sewage from both sides of Victoria Harbour will be collected for treatment at the Stonecutters Island Sewage Treatment Works. The overall water quality of Victoria Harbour will improve further.

13. For the quality of the harbour's coastal waters to be further enhanced, we plan to carry out a consultancy study to work out practical options and a programme, to improve the environment of waterfront areas by tackling near shore pollution, with the long-term objective of enhancing the leisure and amenity value of the coastal areas of Victoria Harbour. We will consult stakeholders in the next few months on the consultancy study and seek funding approval from LegCo next year.

Conclusion

14. Chairman, the Government has spared no efforts in protecting the environment and building a green community to achieve a better quality of living for all. We look forward to joining hands with different sectors of the community and LegCo to meet the environmental challenges of Hong Kong together.

15. Chairman, together with my colleagues, I would be pleased to answer Members' questions.

Environment Bureau
April 2014

**Presentation by Secretary for Development
at the Special Meeting of the Finance Committee
on Wednesday, 2 April 2014**

Chairman,

- I would like to thank Members for their interest in the Draft Estimate of the Development Bureau (DEVB). The heads of the works departments and I have provided replies to 144 written questions raised by Members accounting for the use of resources in the works portfolio. We are here to respond to any further questions that Members may wish to raise.
- In 2014-15, the DEVB's recurrent expenditure for the works portfolio is \$9,914.15 million, representing an increase of \$352.81 million or 3.7% as compared with the revised estimate for 2013-14. The additional provision is mainly for meeting the increased expenditure of \$176.76 million for purchasing Dongjiang water under the water supply agreement, as well as the expenditure for additional civil service posts to provide support for the strategy of increasing land supply and to implement other works-related initiatives.
- In 2014-15, there will be a net increase of 90 civil service posts, including 28 posts in the Works Branch (WB) and its departments (the Architectural Services Department (ArchSD), the Civil Engineering and Development Department (CEDD), the Drainage Services Department and the Water Supplies Department (WSD)) to support the initiatives related to the strategy of increasing land supply. In addition, we will extend the tenure of 15 posts in the CEDD to continue taking forward the Kai Tak Development (KTD) and the Liantang/Heung Yuen Wai Boundary Control Point project, and create 10 posts in the Electrical and Mechanical Services Department (EMSD) to enhance lift safety. The remaining 37 posts will mainly provide support for various works-related initiatives, including the creation of 11 posts to replace the non-civil service contract staff.
- Now, I would like to brief Members on the priority tasks of the works portfolio in the new financial year.

The Overall Infrastructure Programme

Capital Works Expenditure

- In the past few years, the Government has been increasing the expenditure on capital works projects to boost economic development, create job opportunities and enhance Hong Kong's long-term competitiveness. The projects cover various areas including transportation, housing, medical care, education, water supply and drainage.
- In 2013-14, the actual capital works expenditure reached \$70 billion. It is estimated that capital works expenditure for 2014-15 is \$70.8 billion. With the major infrastructure projects and other projects entering the construction phase in the next few years, the estimated annual expenditure on capital works is expected to exceed \$70 billion.

Progress of Major Infrastructure Projects

- Various major infrastructure projects have made good progress in the past year. So far, many of them have entered the construction phase. They include the Hong Kong-Zhuhai-Macao Bridge, Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link, South Island Line (East), Sha Tin to Central Link, advance works of the Tuen Mun-Chek Lap Kok Link, the KTD and the Xiqu Centre of the West Kowloon Cultural District, etc. In addition, the KTD - stage 3A and stage 4 infrastructure works at the north apron area of the former Kai Tak Airport at an estimated expenditure of \$2.2 billion have already commenced last year.
- In the coming year, we will seek funding approval from the Legislative Council (LegCo) for different types of works projects, including the funding for the consultancy and site investigation works for the relocation of Sha Tin Sewage Treatment Works to caverns, the feasibility studies for relocating three government facilities to caverns, and the Ma On Shan development - roads, drainage and sewerage works at Whitehead and Lok Wo Sha, phase 2. We are seeking funding approval from the LegCo for the advance site formation and engineering infrastructure works in the Kwu Tung North New Development Area and the Fanling North New Development Area so as to facilitate early commencement of the works. Moreover, funding approval will soon be sought from the LegCo for the strategic studies for artificial islands in the central waters, the planning and

engineering study on Sunny Bay reclamation as well as the pilot study on underground space development in selected strategic districts.

- Apart from the major infrastructure projects, the DEVB will continue to plan other public works projects of various scales to improve people's quality of life. The projects in progress or under planning cover various areas including slope safety, fresh water supply, flood prevention, greening and heritage conservation.

Major Challenges in Delivering Capital Works Programme

- We anticipate that the volume of overall construction output will maintain at a high level in the coming years. We, therefore, have to overcome the problems of tightening construction manpower situation and the surge in construction costs. Although the Government has taken a series of measures accordingly, we still need to work with the stakeholders to find solutions to the problems together.

Manpower Resources in Construction Industry

- We have been monitoring the manpower resources in the construction industry to keep in line with our future development. The construction industry is now facing problems of rising manpower demand, acute ageing of workers and skills mismatch. To meet the future manpower demand, we have taken a series of measures including obtaining a total of \$320 million in 2010 and 2012 to support the Construction Industry Council (CIC) in strengthening its training for local construction personnel, and attracting more new entrants, especially young people, to the construction industry through promotion and publicity activities.
- Among the initiatives, the CIC and the DEVB have launched the "Enhanced Construction Manpower Training Scheme" (ECMTS) with enhanced training allowances to train about 6 000 semi-skilled workers by end 2014, targeting trades with acute ageing of workers, labour shortage or recruitment difficulties. Furthermore, we provide subsidies for trade tests, specified training courses and skills enhancement courses to encourage and assist in-service construction workers to be registered as skilled workers. Training subsidies are also provided for senior construction workers to assist them to advance to the frontline supervisor/management level.

- In 2011, we launched the "Build Up Publicity Campaign" in collaboration with the CIC to uplift the image of the industry. Recent image tracking survey reveals that the percentage of young people who are willing to join the industry has increased significantly as compared with the figure before the campaign was launched. Meanwhile, there has also been a constant increase in the number of registered construction workers, which fully demonstrates the effectiveness of the promotion efforts.
- In the long term, we will continue to strive to meet the manpower demand by local training, re-training and attracting more new entrants to the construction industry. However, in view of the limitations of training local workers, we see great difficulty in training up large numbers of skilled workers in the short term. According to the current estimates, it is projected that from now to 2017, with due regard to the principle of not affecting the employment and the reasonable income levels of local construction workers, we need to make full use of the "Supplementary Labour Scheme" to import skilled labour in a timely manner. This will not only help meet the manpower demand of construction works, but also relieve the pressure on local in-service skilled workers and allow room for semi-skilled workers to further enhance their skills to achieve the productivity of skilled workers through in-service training. Beyond 2017, we will adjust the training programmes as necessary to safeguard the employment of local workers.
- In recent years, we have been nurturing a "caring culture" in the construction industry. We will continue to adopt a multi-pronged approach, including the implementation of the "Build Up Publicity Campaign" I have mentioned earlier, and initiatives to enhance construction site safety and improve site cleanliness and tidiness as well as the welfare of workers. To enhance construction safety in public works projects, we have been implementing a series of measures in a progressive manner, including a performance-tied "Pay for Safety Performance Merit Scheme", strengthening the supervision of contractors, enhancing safety measures for high risk work, reinforcing safety training for site management staff, and promotion and publicity for a better safety culture. In addition, we will also improve the chances of winning public works contracts by contractors with good safety records.

- We will introduce more measures in public works projects to improve the site working environment, including the provision of working shelters, sheltered rest areas, and formalisation of the afternoon rest break arrangements.
- In particular, the DEVB and the CIC are now actively organising the "Construction Safety Week 2014" with the workers' health and safety leadership as its theme. Moreover, a series of promotion and publicity activities such as "Safety Pal", "Safety Brainstorming Workshop", "Health Qi-Gong" and "Innovative Safety Initiative Award" will be rolled out in due course to promote safety culture in the industry. These measures will help send a positive message to the public, which will uplift the image of the construction industry and attract more new entrants, especially young people, to join the industry.

Procurement System for Public Works Projects

- In addition to manpower resources, an effective tendering system that caters for the market is crucial to the construction industry. The DEVB has carried out a review of the existing procurement system for public works and has been implementing new measures to increase the tendering opportunity for small- to medium-sized contractors, enhance competitive tendering, and attract more contractors and consultants to participate in public works. At the same time, we encourage innovation and creativity in the design and construction of projects, productivity enhancement in procurement strategies, and wider use of mechanisation and prefabrication to reduce the demand for workers in trades with labour shortage.
- In addition, we strive to promote collaborative partnership in the implementation of works contracts. From 2009 onwards, the New Engineering Contract (NEC) form, which emphasises mutual trust, co-operation and collaborative risk management, has been adopted in various pilot projects to enhance the efficiency in contract management. The results are encouraging. We would widely adopt the NEC form in future.

Security of Payment

- To improve the business operating environment of the construction industry, we are carrying out preparatory work to introduce new

legislation to enhance the security of payment and expedite the resolution of disputes in construction-related contracts. The new legislation will enhance the cash flow in the construction supply chain, and enhance our infrastructure delivery capacity and help address the problem of wage arrears for workers. In 2012, we established a Working Group on the Security of Payment Legislation for the Construction Industry with members from the industry. We have consulted the Working Group on the framework of the new legislation. After drawing up the framework, we will commence public consultation on the proposed legislation soon.

Promotion of Professional Services

- The DEVB attaches great importance to the promotion of professional services for the construction industry. When negotiating trade agreements with the Mainland and other countries, we have been pursuing the most preferential trade conditions for Hong Kong's professional services. Under the framework of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), a number of preferential measures have been secured for Hong Kong's construction industry, including the mutual recognition of qualifications between the two sides for six professional disciplines. At present, a total of 1 490 Hong Kong professionals have obtained Mainland qualifications through mutual recognition. Among them, over 250 have registered for practice in the areas concerned. In addition, under the early pilot arrangements in Guangdong Province, Hong Kong professionals who have obtained Mainland's class 1 registered architect qualification or class 1 registered structural engineer qualification through mutual recognition are allowed to register for practice and set up business in Guangdong Province upon passing the legal tests. Since January 2013, Hong Kong professionals who have obtained Mainland's supervision engineer qualification are also entitled to register for practice and set up business in Guangdong Province. These preferential measures will help Hong Kong professionals and enterprises in the construction industry to set up business in the Mainland with sole ownership and complete control.
- In the coming year, we will strengthen our liaison with the Mainland authorities and endeavour to seek more preferential measures for Hong Kong's construction industry under the framework of CEPA, including further expanding the scope of mutual recognition of qualifications to cover more professionals. We will also pursue the

early extension of the liberalisation measures for early pilot arrangements to other places in the Mainland.

Enhancing Land Supply Strategy

- The DEVB(WB) also plays an active role in enhancing land supply.
- We have repeatedly emphasised that we will increase land supply through a multi-pronged strategy in order to meet the demand for land in the short, medium and long term. In January 2014, we announced the results of Stage 2 Public Engagement Exercise on Enhancing Land Supply Strategy. We will seek funding to carry out a number of feasibility studies relating to reclamation outside Victoria Harbour on an appropriate scale and the development of caverns.
- We plan to launch the strategic studies for artificial islands in the central waters in the latter half of 2014, which will explore ways to develop artificial islands in the eastern waters off Lantau Island and neighbouring areas, with a view to developing an East Lantau Metropolis for accommodating a population up to several hundred thousands and become a core business district in addition to Central and Kowloon East, providing a lot of job opportunities to meet Hong Kong's long-term needs for housing and economic development.
- As regards the three proposed near-shore reclamation sites in the western waters, namely Lung Kwu Tan, Siu Ho Wan and Sunny Bay, initial findings of the cumulative environmental impact assessment and the survey on Chinese White Dolphins (CWDs) show that the site at Sunny Bay is not an area actively frequented by CWDs, and the proposed reclamation will not cause impacts on the marine life and the environment that cannot be mitigated. As such, we plan to launch the relevant planning and feasibility studies in the latter half of 2014, so as to develop Sunny Bay into an entertainment and business node of regional significance, as well as create business and job opportunities.
- To capitalise on the unique locational advantages of the Hong Kong-Zhuhai-Macao Bridge Hong Kong Boundary Crossing Facilities (HKBCF), we plan to develop "bridgehead economy" at the 130 hectare artificial island and create synergy with other tourist spots and business establishments on Lantau Island. We will conduct a preliminary feasibility study on the topside and underground space development of the Hong Kong-Zhuhai-Macao Bridge HKBCF in the

latter half of 2014, which aims to provide recommendations on the overall development concept and appropriate development parameters. Moreover, the financial viability, market positioning and operation strategy of the proposed project will also be explored.

- Regarding rock cavern development, we have substantially completed the feasibility study and public engagement on the relocation of Sha Tin Sewage Treatment Works to caverns. The public generally agree with the relocation proposal. We are currently preparing to commence the investigation and design work in the latter half of 2014. Furthermore, we are now preparing to conduct feasibility studies on the relocation of three government facilities, namely the Diamond Hill Fresh Water and Salt Water Service Reservoirs, Sai Kung Sewage Treatment Works and Sham Tseng Sewage Treatment Works to caverns in the latter half of 2014.
- We will also actively explore the potential of developing underground spaces in the urban areas. We commenced a territory-wide study in late 2013 to identify the opportunities and constraints arising from underground space development in the urban areas of Hong Kong in a systemic way. We aim to develop preliminary conceptual schemes for providing more space for commercial and other uses, as well as enhancing the connectivity of underground spaces. We are also preparing to launch a pilot study in the latter half of 2014 on underground space development for four strategic districts, namely Causeway Bay, Happy Valley, Admiralty/Wan Chai North and Tsim Sha Tsui West. Our goal is to formulate a master plan for underground space development for each of these four districts and identify priority underground space development projects for early implementation with a view to providing more commercial floor area.
- We have earmarked a government site in Tin Shui Wai for the construction of a new building to accommodate the New Territories West Regional Office of the WSD relocated from Mong Kok, so that the present site will be vacated to make way for the improvement of the environment and traffic in the district and the development of commercial buildings. We expect that the construction of the new building will be completed by the end of 2017.

Energizing Kowloon East

- When it comes to land supply, the provision of sites for commercial uses is just as important as the supply of land for housing. In future,

Energizing Kowloon East including the KTD area will become an important source of commercial land.

- The Energizing Kowloon East Office (EKEO) actively takes forward the transformation of Kowloon East into another core business district. We published the Conceptual Master Plan 3.0 in June 2013, with focus continuing on enhancing Connectivity, Branding, Design and Diversity (CBD2) in Kowloon East, and implement the 10 main tasks in the plan and explore other opportunities in the area.
- In the 2012-13 and 2013-14 financial years, three government sites in Kowloon East were sold, providing about 140 000 square metres of commercial floor area in total. In the coming five years, it is expected that an additional 700 000 square metres of commercial floor area will be made available in Kowloon East.
- To expedite the release of development potential in Kowloon East, we have implemented the relocation and integration of the existing government facilities in the two action areas of Kowloon East on Kwun Tong waterfront and in Kowloon Bay for the comprehensive development of commercial and other uses. The EKEO has kick started the advance works, and the two action areas are expected to provide some 500 000 square metres of floor area in total. The EKEO will also identify suitable government sites in these areas to be released in 2014-15, providing over 120 000 square metres of commercial floor area.
- As far as the KTD area is concerned, we expect that about 1.4 million square metres of commercial floor area will be provided in phases in the three years from 2016-17. To tie in with the development of the site into a world-class tourism, entertainment and leisure hub, we will press ahead with the infrastructure works at the southern end of the runway and the south apron area of the former Kai Tak Airport, so that the six sites facing Victoria Harbour within the "hotel belt" adjacent to the Kai Tak Cruise Terminal will be gradually released to the market from the end of 2015. We are now striving to first release the site closest to the Cruise Terminal to the market.
- Moreover, we are now hosting the Kai Tak Fantasy International Ideas Competition on Urban Planning and Design to generate original conceptual ideas and excellent urban planning designs for the area comprising the former Kai Tak Runway Tip, the Kwun Tong Waterfront Action Area and the water body between them. It is our

target to develop the site into a spectacular world-class tourism, entertainment and leisure hub, and create synergy with the Energizing Kowloon East in facilitating the transformation of the area.

- To improve the connectivity and the pedestrian environment of Kowloon East, we advocate the sustainability concept of "walkability" and have formulated various short and medium-term improvement measures, with the aim of improving the "walkability" and traffic conditions of Kowloon East in a comprehensive manner.
- We are also working closely with the relevant departments to transform King Yip Street Nullah to a green and vibrant Tsui Ping River. We have commissioned the feasibility study with an aim to include the beautification works into our Capital Works Programme.
- The DEVB will continue to adopt the visionary place-making approach through public engagement activities and consultations to push ahead the Energizing Kowloon East initiative, so as to facilitate the transformation of Kowloon East and support our long-term economic development.

Enhancing the Quality of Urban Life

- Public works projects have a wide coverage. Apart from the main projects mentioned above, we also pay due regard to the others that improve the quality of life and the environment.

Water Supply

- We promulgated the Total Water Management (TWM) Strategy in 2008. It puts emphasis on containing the growth of water demand through conservation while strengthening water supply management. In the area of water conservation, we have extended the promotional and educational work in schools to the community at large. Moreover, the coverage of the Water Efficiency Labelling Scheme will be expanded from the existing showers for bathing, water taps, washing machines and urinals to flow controllers. We will also strengthen our plan to promote water conservation, including launching a campaign "Let's Save 10L Water" for domestic consumers and developing best practice guidelines for using water for commercial consumers.
- We will continue to reduce water leakage through replacing and rehabilitating 3 000 kilometres of aged water mains. As at February

this year, a total of 2 354 kilometres of water mains have been replaced/rehabilitated, and the number of water main burst incidents per year has dropped from a peak of about 2 500 in 2000 to about 260 in 2013. We are now implementing pressure management schemes to optimise water main pressure to resolve the problem of bursts or leaks due to excessive water pressure in the water supply network. We will also step up leakage detection work for districts with serious water main leakage problem.

- On the other hand, given the challenges to our water resources due to climate change and continuous population growth, we are developing new water sources such as seawater desalination and water reclamation.
- In late 2012, the WSD commissioned a two-year planning and investigation study on the construction of a desalination plant. The study is due to be completed early next year. The desalination plant is expected to commence operation in 2020. The initial annual output of the plant will account for some 5% to 10% of the total fresh water consumption in Hong Kong. As technology advances, seawater desalination can serve as our important complementary water source in the long term.
- We have also taken forward the planning work for the provision of reclaimed water for toilet flushing and other non-potable purposes in North East New Territories including Sheung Shui, Fanling and the New Development Areas.
- To ensure sustainable use of water resources in future, we plan to engage consultants to review the various water management measures implemented under the current TWM Strategy. After taking into account the findings of the review and factors such as the latest population growth and the effects of climate change, we will formulate a long-term water management strategy up to 2040.

Flood Prevention

- As for flood prevention, a number of flood prevention projects have been completed, including the Hong Kong West Drainage Tunnel, the Lai Chi Kok Drainage Tunnel and the Tsuen Wan Drainage Tunnel. Review studies of the Drainage Master Plans in East Kowloon, West Kowloon, Sha Tin, Tai Po and Sai Kung are now underway, while the review study for Hong Kong North will commence in mid-2014. We will continue to implement various flood prevention projects including

the Happy Valley Underground Stormwater Storage Scheme which is due to be completed in phases between 2015 and 2018.

- Moreover, the River Flood Risk Study for rural catchment areas has entered its second phase. We are now conducting site inspections, assessing the flood risk levels as well as recommending flood warning systems and mitigation measures for rivers requiring attention in rural catchment areas of high risk or medium high risk.

Slope Safety

- The CEDD launched the Landslip Prevention and Mitigation Programme (LPMitP) in 2010. Apart from continuously reducing landslide risks in man-made slopes, the CEDD has systematically implemented landslide risk mitigation measures for natural hillsides which will affect urban development or important transport corridors. We have conducted studies and implemented necessary risk mitigation measures for 80 natural hillsides. In 2014, we plan to upgrade 150 government man-made slopes, carry out safety-screening studies on 100 private man-made slopes, and conduct studies and implement necessary risk mitigation measures for 30 natural hillsides. In addition, design and construction guidelines on risk mitigation measures for natural hillsides will be developed, so that the industry can apply the latest knowledge when carrying out design and construction work.

Lift Safety

- The Lifts and Escalators Ordinance (the Ordinance) has come into operation in phases since December 2012. It has introduced a series of measures to strengthen regulatory control so as to enhance the safety of lifts and escalators in Hong Kong.
- We established the Lift and Escalator Safety Advisory Committee (LESAC) in July 2013 to advise the EMSD on matters relating to the administration and enforcement of the Ordinance.
- In January 2014, following the recommendations of the LESAC, the EMSD released information on the maintenance costs of lifts in government buildings and adopted a new star rating system, which provided simple and clear presentation of the performance ratings of registered lift and escalator contractors, for reference by the

responsible persons in choosing maintenance contractors for their lifts and escalators.

Tree Safety

- The Greening and Landscape Office (GLO) and the Tree Management Office (TMO) under the Greening, Landscape and Tree Management Section are actively promoting professional greening and tree management work with due emphasis on the protection of public safety as a priority consideration. The GLO set up an "integrated landscape design framework" in March 2014 to enhance the overall quality of landscape design. It will continue to provide guidelines and best practices on greening, landscape planning and design standards as well as inputs on the greening and landscape aspects of strategic government infrastructure projects.
- The TMO, based on previous experience of tree risk assessment, has continuously refined the guidelines for tree risk assessment and management. The revised guidelines were promulgated in December 2013 and a new round of tree risk assessments by tree management departments has started. The TMO will continue to step up audit checks on the trees managed by departments to ensure that all tree management work is conducted in a professional and prudent manner in preparation for the onset of the wet season to better protect public safety. Furthermore, through the formulation of guidelines such as the Management Guidelines for Stonewall Trees, the conduct of various studies on Brown Root Rot Disease, etc., we strive to raise the standards of tree management. We have also sought the views of experts and professional organisations on the protection of Old and Valuable Trees, and included 21 new trees in the Register of Old and Valuable Trees in 2013. In addition, we will continue our efforts to foster a positive attitude towards tree care in our community through different channels and encourage community surveillance of trees.

Heritage Conservation

- On the work of heritage conservation, the DEVB is pressing ahead with the conservation of historic buildings. We have launched a number of revitalisation projects for historic buildings under a diversified approach. Good progress has been made in various revitalisation projects launched in recent years. The six projects under Batch I of the Revitalising Historic Buildings Through Partnership Scheme (Revitalisation Scheme), including the Former

North Kowloon Magistracy, Old Tai O Police Station, Lui Seng Chun, Former Lai Chi Kok Hospital, Mei Ho House and Fong Yuen Study Hall, have all commenced operation and are well-received by the public.

- Meanwhile, works for the three projects under Batch II of the Revitalisation Scheme including the Old Tai Po Police Station, Blue House Cluster and Stone Houses have already begun.
- The selection results for the three projects under Batch III of the Revitalisation Scheme, including Haw Par Mansion, Bridges Street Market and the Former Fanling Magistracy, were announced in February 2013. The DEVB is taking follow-up action and providing co-ordination for the three selected projects, including assisting the selected organisations to complete the detailed design and the pre-construction preparatory work of their projects as soon as possible, as well as seeking funding approval from the LegCo for individual projects.
- We launched Batch IV of the Revitalisation Scheme in December 2013 and invited non-profit making organisations to submit proposals for the conservation and adaptive re-use of four specified historic buildings, namely No. 12 School Street, Old Dairy Farm Senior Staff Quarters, Lady Ho Tung Welfare Centre and King Yin Lei, in the form of social enterprises. The selection results will be announced in the first quarter of 2015.
- The Central Police Station Compound will be revitalised as a centre for heritage, art and leisure. Revitalisation works have already commenced in late 2011 and are scheduled for completion in 2015.
- As regards the project to transform the Former Police Married Quarters on Hollywood Road into "PMQ" by the DEVB in collaboration with the ArchSD and the Musketeers Education and Culture Charitable Foundation Limited, the project works have already been completed in December 2013. We expect that the soft opening of the revitalised facility will take place in the second quarter of 2014.
- We strive to strike a balance between respect for private property rights and heritage conservation. The DEVB and the Antiquities and Monuments Office will continue to proactively reach out to private owners and offer assistance, such as technical advice and financial assistance for the maintenance of historic buildings as well as economic

incentives for preservation-cum-development projects, so as to encourage and facilitate private owners to preserve the historic buildings under their ownership.

- In addition, in the past year, the Government has commenced the preparatory work for the review on the policy on the conservation of built heritage with the assistance of the Antiquities Advisory Board (AAB). The AAB has been carrying out in-depth discussions on the topics under review and will submit its report to the Government.

Conclusion

- Chairman, the above is a brief account of the works portfolio. 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 Wednesday, 2 April 2014**

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 225 written questions from Members accounting for the use of resources under the purview of Planning and Lands. We are here to respond to any further questions that Members may wish to raise.
- My 2014-15 Recurrent Expenditure on Planning and Lands is \$4,301.92 million, representing an increase of \$214.85 million (about 5%) compared with the revised estimate for 2013-14. The additional resources are mainly for the work to strengthen the land production to increase housing land supply, and to continue stepping up enforcement actions to enhance building safety and against unauthorised developments.
- In 2014-15, there will be a net increase of 388 civil service posts in the Planning and Lands Branch and departments under its purview (the Buildings Department, the Lands Department, the Planning Department and the Civil Engineering and Development Department), including two civil service directorate posts.
- Now I would like to brief Members on several priority tasks of the Planning and Lands portfolio in the coming financial year.

Land Supply

- To meet the housing demand and various needs of the Hong Kong community, the Government has been adopting a multi-pronged strategy to increase land supply in the short, medium and long term, through the continued and systematic implementation of a series of measures, including the optimal use of developed land as far as practicable and identification of new land for development. After

the announcement of the Policy Address earlier on, I have reported to the Panel on Development twice on the details on this front so I will not repeat here. At the meeting today, I will talk more on the resources required to take forward these initiatives and the progress of some key projects.

(1) Manpower Increase

- To support the work of increasing land supply, the DEVB will set up a dedicated cross-disciplinary team to assist the Steering Committee on Land Supply chaired by the Financial Secretary in monitoring land supply and further promoting land development. At the same time, other departments concerned also plan to increase manpower in different positions so as to expedite the implementation of various initiatives to increase land supply in the short, medium and long term.
- In this connection, we consulted the Legislative Panel on Development on the proposal to increase manpower on 25 February 2014. The proposal was generally supported by Members. We plan to seek the endorsement of the creation of directorate posts by the Establishment Subcommittee of the Legislative Council on 30 April for the funding approval from the Finance Committee, so as to increase the manpower in various bureaux and departments concerned. I hope that Members would support the financial provision for the proposed manpower increase.

(2) Kwu Tung North (KTN) and Fanling North (FLN) New Development Areas (NDA)

- Since the announcement of the revised proposal, a series of meetings have been organised with the stakeholders, including the Rural Committee, village representatives and villagers, operators and residents of the Residential Care Homes for the Elderly at Dills Corner Garden, business operators (including Manufacturers Associations and tenants), agricultural organisations and farmers, local people and different interest groups. Their aspirations and proposals are well understood and under active consideration. Under the principles of fair and reasonable, public interest and proper use of public money, we will discuss with bureaux concerned with a view to exploring practicable solutions to cater for the needs of the affected people. Community liaison groups will be set up to enhance communication and render assistance on matters relating to the engineering project, in order to alleviate the concerns about the

NENT development. The freezing survey for the KTN and FLN NDAs was completed in January 2014. Other works for implementation of the development are being carried out as scheduled.

(3) Hung Shui Kiu New Development Area (HSK NDA)

- Stage Two of the Community Engagement (CE) exercise for HSK NDA was completed in October 2013. It is expected that the next stage of CE will be undertaken in the third quarter of 2014. The land for development in the NDA is expected to be available in 2021.

(4) Tung Chung

- According to the two initial land use options, Tung Chung New Town Extension will be capable of producing about 48 000 and 53 000 residential flats. Stage Two of the Public Engagement (PE) was completed in July 2013. We are analysing the public views collected and formulating the Outline Development Plan. The next stage of PE is expected to commence in the second quarter of 2014.

(5) Lamma Island

- Stage Two of the CE of the planning and engineering study of the Lamma Quarry has commenced on 14 March 2014 to gauge the public's views on the draft Recommended Outline Development Plan (RODP) so as to come up with a preferred land use option. The preferred option is mainly based on a "Tourism plus Housing" theme. It is proposed to provide low to medium density private and subsidised housing development capable of producing 1 900 residential flats for a planned population of about 5 000. Various tourism and recreational facilities would also be introduced for the enjoyment of visitors and the general public. I will consult the Panel on Development on the RODP on 22 April.

(6) Commercial floor area

- Apart from housing land, we will complete the land use and traffic impact study of the government site at Caroline Hill Road as soon as possible for the provision of more commercial floor area in Causeway Bay. The planning of the new Central harbourfront as a whole is expected to provide an estimated commercial floor area of about 260 000 square metres for office, retail, hotel and exhibition, uses, etc.

Moreover, the Kai Tak Development, development of Kowloon East and underground space are important sources of future commercial land in Hong Kong.

(7) 2014-15 Land Sale Programme and Private Housing Land Supply

- The 2014-15 Land Sale Programme comprises 34 residential sites capable of providing about 15 500 flats, seven commercial/business sites which could provide about 230 000 square metres of commercial floor area and one hotel site capable of providing about 1 100 hotel rooms.
- Out of the 34 residential sites, 24 are new sites. The inclusion of such a significant number of new residential sites with a high flat production capacity in the 2014-15 Land Sale Programme (about 2 000 flats more than that of 2013-14) well demonstrates the Government's determination to increase housing land supply.
- As in the past, the Government includes in the Land Sale Programme sites that are estimated to be available for sale in the year, and will continue to announce in advance quarterly land sale programmes, providing transparency and certainty for the market.
- When formulating the quarterly land sale programmes, we will consider imposing minimum flat number or other requirements on suitable sites having regard to market conditions and site characteristics.
- Looking ahead in 2014-15, for railway property development projects, the West Rail property development project at Yuen Long Station could produce about 1 880 flats while the MTR Corporation Limited's property development projects in Tseung Kwan O Area 86 and Tai Wai Station are capable of producing a total of about 4 650 flats. In addition, projects of the Urban Renewal Authority are capable of producing about 3 200 flats. Private development or redevelopment projects could produce about 4 700 flats (based on ten-year average figures). Combining the various sources, the total private housing land that could be supplied in the next financial year is estimated to have the capacity to produce about 30 000 private flats. The Government will adjust the quantity of land put up for sale in each quarter as appropriate, having regard to the situation of land supply from various sources. Our objective is to provide, on average, land from various sources capable of producing about 18 800 private flats

per annum to ensure the healthy development of the property market.

Urban Renewal

- All the key initiatives under the new Urban Renewal Strategy promulgated on 24 February 2011 have been progressing well –

(i) "Demand-led" scheme

URA launched the "Demand-led Redevelopment Project Pilot Scheme" ("Demand-led" scheme) in July 2011. So far, eight projects under the "Demand-led" Scheme have been commenced. One of them was terminated after having failed to meet the 80% owners' acceptance threshold by the specified deadline. URA launched the third round of the Demand-led Scheme from early July to end September 2013 under which 51 applications were received. URA had completed shortlisting suitable applications to be commenced in 2014.

While the Demand-led Scheme has been well-received, URA is facing the challenge of an increasing number of applications with larger site areas and which require the consideration of more varied factors. For the purpose of maintaining a sustainable urban renewal programme that balances the goal of a better utilisation of land, brings improvement to the living conditions of the affected households and at the same time, is capable of being self-financed in the long run, URA will conduct a review of the pilot scheme with a view to, inter alia, better rationalisation of resources deployed for the Demand-led Scheme vis-à-vis its self-initiated redevelopment programme.

(ii) Kowloon City District Urban Renewal Forum

Another highlight of the 2011 URS is the establishment of the Kowloon City District Urban Renewal Forum (KC DURF) set up to advise the Government on a holistic and integrated approach to renew the Kowloon City district. KC DURF had finalised the Urban Renewal Plan for Kowloon City and submitted it to DEVB on 29 January. The Government is carefully studying the recommendations of KC DURF.

Building Safety

- Over the past year, the Building (Minor Works) (Amendment) Regulation 2013 was enacted in July 2013, introducing the Validation Scheme for Unauthorised Signboards under the Signboard Control System to enhance the safety of existing unauthorised signboards. The Validation Scheme commenced operation in September 2013. I would like to take this opportunity to thank the Legislative Council for its support.
- On the enforcement front, with respect to the revised enforcement strategy in 2011, the BD will continue its large scale operations on unauthorised building works (UBWs), including those associated with sub-divided flats. In 2013, the BD had issued a total of 12 005 removal orders against UBWs and 682 repair orders and investigation orders in relation to dilapidated buildings. During the same year, 2 513 prosecutions had been instigated against failure to comply with removal orders.

Conclusion

- Chairman, my colleagues and I will be happy to answer any questions that Members may wish to raise. Thank you.

**Presentation by Secretary for Commerce and Economic Development
at the Special Meeting of the Finance Committee
on Wednesday, 2 April 2014**

Foreword

- Chairman, I would like to set out the key matters within the policy areas of commerce, industry and tourism.

Hong Kong – ASEAN Free Trade Agreement

- Strengthening regional economic cooperation is our priority work this year. Hong Kong will commence formal negotiations of a free trade agreement with ASEAN later this year. The FTA will enable our goods, services and investments to access the market of ASEAN member states under more favourable conditions, and generate new business opportunities for Hong Kong.

Investment Promotion and Protection Agreement

- As for Investment Promotion and Protection Agreements (IPPAs), in December 2013, Hong Kong concluded IPPA negotiations with Bahrain and Myanmar separately. After completion of the necessary internal procedures by the parties concerned, the two IPPAs will be signed. In 2014, Hong Kong will continue IPPA negotiations with Russia and will start IPPA negotiations with Chile.

CEPA

- As regards CEPA, the HKSAR Government will continue, through CEPA, to strive to further open up the Mainland market for Hong Kong's services sectors by broadening and deepening the scope of liberalisation, so as to implement the target to achieve basically liberalisation of trade in services of the two places by the end of 2015. At the same time, we will actively cooperate with the Guangdong Provincial Government, striving to basically achieve early the goal of liberalisation of trade in services in Guangdong by the end of 2014.

Trade in Services Agreement (TISA)

- In addition, we are actively participating in the negotiation of a trade in services agreement among some World Trade Organization Members with a view to providing Hong Kong services with better access to the foreign markets.

Expanding Hong Kong's Capacity to Receive Tourists

- Tourism is an important pillar of Hong Kong's economy. The continuous growth in visitor arrivals has indeed brought challenges to Hong Kong. But it has also boosted economic growth and promoted employment at the same time.
- The HKSAR Government is well aware of public concerns about whether the continuous growth in visitor arrivals would affect the livelihood of the community. We released the Assessment Report on Hong Kong's Capacity to Receive Tourists (Assessment Report) at the end of last year. It acknowledges that with the continuous growth in visitor arrivals, Hong Kong should increase the capacity to receive tourists on various fronts. We wish to strike a reasonable balance between maximising the economic benefits tourism brings to Hong Kong and minimising the impact on the community brought about by the increasing number of tourists.
- On tourist facilities, the Government has provided part of the \$2.29 billion loan to the Ocean Park to facilitate its development of an all-weather waterpark at Tai Shue Wan. The Hong Kong Disneyland will also unleash a series of new initiatives in the coming years.
- To attract more high value-added visitors, the Government will endeavour to gradually release the six sites within the "hotel belt" of the Kai Tak Runway Precinct to the market starting from the end of next year for development into a distinctive hotel cluster. Meanwhile, the "Kai Tak Fantasy" – International Ideas Competition on Urban Planning and Design is now under way.
- On the other hand, the hotel supply will continue to increase in the coming years. The total number of hotel rooms will increase from 70 000 in 2013 to around 84 000 in end 2017.

- The second berth of the Kai Tak Cruise Terminal is due for completion within this year. Retail stores and restaurants at the Terminal are expected to be open by phases from mid 2014 onwards.
- We will also provide additional funding of \$50 million to the HKTB in the coming two years to add new elements to its popular mega events, such as the Wine and Dine Festival, the New Year Countdown Celebrations and the Chinese New Year Night Parade, like introducing a 3D projection mapping show.
- Overnight MICE visitors are of high spending power and they are our prime targets. The Government will allocate an additional annual provision of \$15 million to the HKTB from 2014/15 onwards for three years to provide more attractive and targeted supporting services and hospitality offers for organizers and participants of the MICE events.

Intellectual Property

- On the front of intellectual property (IP), the Working Group on IP Trading (the Working Group), which is led by me, endorsed a strategic framework for forging ahead the development of Hong Kong as an IP trading hub in end-2013. This year, the Working Group is working to explore specific policies and other support measures under each strategic area. Furthermore, the Government is working to implement an "original grant" patent (OGP) system. Subject to the progress of implementation work and legislation in the future, we aim at launching the OGP system in 2016/17 at the earliest.
- To keep pace with technological advancement and economic development, we need to update our copyright regime from time to time. Last year, we completed a public consultation on how parody should be taken care of as appropriate having full regard to present day circumstances. We reported to the LegCo Panel on Commerce and Industry at its meeting in December 2013 and March 2014. We are now formulating legislative proposals, and it is our intention to conclude efforts since 2006 to update our copyright regime as soon as possible.

Support for Small and Medium Enterprises (SMEs)

SMEs are the pillar of Hong Kong's economy. We will continue to provide multi-folded support for SMEs.

- First, on loan guarantee, in May 2012, the Hong Kong Mortgage Corporation Limited launched the special concessionary measures under its SME Financing Guarantee Scheme (SFGS), which offer 80% loan guarantees at concessionary fee rates. The Government provides a total loan guarantee commitment of \$100 billion. Following our one-year extension of the original nine-month application period last year, we have further extended the application period this year for one more year.
- Targeting the Mainland market, we launched in June 2012 the \$1 billion Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) to assist Hong Kong enterprises in developing brands, upgrading and restructuring their business operations and exploring domestic sales in the Mainland. The response of the trade has been enthusiastic. Up to end of February 2014, 192 applications from enterprises and 37 applications from organisations have been approved, with a total funding amount of about \$205 million. Another 13 enterprise applications have been granted conditional approval. More than 94% of enterprise applications approved or approved with conditions come from SMEs.
- The Hong Kong Trade Development Council (HKTDC) has been actively expanding the network of Design Galleries in the Mainland, and has opened new shops in Qingdao and Shanghai and set up a series of "shops-in-shop" in Mainland department stores last year to provide selling platforms for more Hong Kong enterprises, particularly SMEs, in the Mainland.
- As regards the export credit insurance, the Hong Kong Export Credit Insurance Corporation will continue to implement the Small Business Policy (SBP) scheme to allow SMEs engaging in export trade with an annual business turnover of less than \$50 million more flexibility in taking out insurance cover.

Manpower of the Retail Industry

- To support the manpower development of the retail industry, the Budget has allocated \$130 million for the implementation of the recommendations of the Task Force on Manpower Development of the Retail Industry, made at end of last year. The specific measures include –
 - (i) assisting the Vocational Training Council in rolling out pilot programmes dedicated to the retail industry, with both classroom and placement elements, to be run by a professional institution with qualifications recognized under the Qualification Framework. This aims to attract Secondary 6 graduates;
 - (ii) launching a retail productivity enhancement scheme on a matching fund basis, with SMEs as targets on the use of appropriate technologies, partnering with the Hong Kong Productivity Council; and
 - (iii) joining hands with the retail industry in launching a publicity campaign to enhance the image of the trade.
- The Labour Department will also set up a recruitment website and organise job fairs, all dedicated to the retail industry, through redeployment of existing resources.
- We are working out the details with stakeholders, and will consult the Commerce and Industry Panel and seek approval from the Finance Committee. We plan to implement the various measures one after another within this year.

Investment Promotion

- On promotion of inward investment, attracting companies from emerging markets to set up their businesses in Hong Kong will continue to remain our priority. We will also focus on attracting companies in financial services, the creative industries as well as the information and communications technology sectors. We will continue to promote Hong Kong as an ideal platform for Mainland companies to go global, and further advocate Hong Kong as a global hub for startup companies.

Competition Ordinance

- On the Competition Ordinance, the Competition Commission is conducting the preparatory work, and is drafting the regulatory guidelines. In the meantime, the Judiciary is also formulating Tribunal Rules relating to the operation and proceedings of the Competition Tribunal and the President's directions. When all relevant preparatory work in respect of the Commission and the Tribunal is completed, we will bring the Ordinance into full operation.

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 Wednesday, 2 April 2014**

Introduction

- Chairperson, I will highlight the main points in the policy area of communications and technology.

Broadcasting

- On broadcasting, we will continue to promote the development of digital terrestrial television and digital audio broadcasting in Hong Kong. For television broadcasting licences, we will continue to assist in handling the remaining work relating to the two applications for domestic free TV licences and the applications for renewals of two domestic free TV licences. I understand that the Communications Authority is now actively discussing the details and requirements of the new licences with the two applicants whose applications for domestic free TV licences were granted approval-in-principle. In addition, although we are unable to commence the construction of RTHK's New Broadcasting House as scheduled, RTHK will still continue to implement various development projects to fulfill its mission as the public service broadcaster of Hong Kong.

Telecommunications

- On telecommunications, we are in the process of making new subsidiary legislation in accordance with the Telecommunications Ordinance to implement the 3G spectrum re-assignment arrangements. It is expected that the legislative amendments will be submitted to the Legislative Council (LegCo) for consideration within this legislative session. Upon the completion of the legislative process, the relevant spectrum auction will be conducted in the fourth quarter of this year.

Creative Industries

- On driving development of Hong Kong's creative industries, the Government will continue to provide support for the trade through the CreateSmart Initiative and the Film Development Fund. We will also continue to sponsor support programmes for start-ups, including the Design Incubation Programme.
- The Comix Home Base was opened last year while the PMQ will commence operation in the first half of this year. Create Hong Kong will assist in the promotion of both venues which are dedicated to creative industries and provide the trade with funding support where appropriate for organising activities therein, with a view to building up creative clusters.

Innovation and Technology Industry

- We are committed to creating an ecosystem suitable for the development of Hong Kong's innovation and technology industry. We will further encourage the application and commercialisation of research and development (R&D) results and the establishment of technology start-ups. Specific measures include -
 - (a) Setting up a new Enterprise Support Scheme to replace the existing Small Entrepreneur Research Assistance Programme to encourage R&D activities by companies. Upon implementation of the Scheme, all enterprises registered in Hong Kong will be eligible to apply for funding support, regardless of their size. The funding cap for each approved project will be raised to \$10 million. The enterprises will be required to contribute no less than 50% of the total project cost and can retain the intellectual property rights;
 - (b) Providing an annual funding of up to \$24 million to the six universities designated as local public research institutions to support technopreneurship activities. Teachers and students of these universities will be encouraged to start up their business and develop R&D projects with good commercialisation potentials; and

- (c) Extending the funding scope of the Innovation and Technology Fund to cover development work and system integration, industrial design, compliance testing and clinical trials, etc. in order to unleash the advantages of local industrial technologies. We expect that the proposed measure would encourage companies to make use of home-grown innovative technologies to upgrade their products/services, thus raising the overall innovation capability and competitiveness of the local industry.

We consulted the Panel on Commerce and Industry on these new initiatives on 18 March this year.

- On hardware support, Phase 3 development of the Science Park will be completed in stages from this year to 2016, increasing the gross floor area by some 50%. To meet the global trend in technological development and the demand of the local innovation and technology industry, the Corporation is now reviewing the current use and future development directions of the Science Park and Industrial Estates. Meanwhile, the Hong Kong Science and Technology Parks Corporation will continue to revitalise the three existing industrial estates.

Technology Start-ups

- On the other hand, we notice that technology start-ups in Hong Kong have been booming in recent years. Quite a number of such start-ups have made achievements in business development and attracting investors, and have attracted local or even international attention.
- To further facilitate the continuous development of technology start-ups, we have just launched an iStartup portal to provide a comprehensive, interactive platform for information exchange.

Testing and Certification

- As regards the testing and certification industry, the Government has been in close collaboration with the Hong Kong Council for Testing and Certification to enlarge the scope of the accreditation service and focus efforts on six sectors with good potential for using testing and certification services (i.e. Chinese medicines, construction materials, food, jewellery, environmental protection, and information and communications technologies).

Digital 21 Strategy

- On information technology, the Digital 21 Strategy is the blueprint for IT development in Hong Kong. With rapid advances in technology, we have updated the Strategy for the fourth time. Under the new Strategy, we will facilitate public and private partnership with a view to increasing the number of free or partially free Wi-Fi hotspots significantly, and will also release all public sector information available to the public in digital format in order to create more business opportunities. Moreover, the Government will increasingly adopt paperless mode in its operations and explore measures to improve the effectiveness of city management through the use of sensors and big data analysis technology. We will also examine the provision of digital identity to all citizens of Hong Kong to further promote various e-government services.

IT Manpower Training

- On the development of human resources, we hope to identify teenagers with good potential earlier so as to enable them to have more comprehensive and in-depth access to information technology as soon as possible. We plan to incorporate enriched classes in those secondary schools with outstanding performance in IT education so as to nurture more IT professionals to meet the development demand of a digital society.

Conclusion

- Chairperson, in his Policy Address delivered in January, the Chief Executive proposed to set up an Innovation and Technology Bureau. I hope to brief the relevant panels on the Government's proposal as soon as possible so as to proceed with the work in LegCo of setting up the new bureau.
- My colleagues and I stand ready to answer questions from Members on the Estimates.

~ End ~

**Presentation by Secretary for Home Affairs
at the Special Meeting of the Finance Committee
on Wednesday, 2 April 2014**

Chairman,

The Home Affairs Bureau (HAB) is responsible for quite a diversified policy portfolio covering a total of eight Heads of Expenditure. Our priority areas with additional resources provided in the new financial year are as follows:

Scholarship to promote "multi-faceted excellence"

2. In line with our youth policy of "fostering a culture of multi-faceted excellence", a \$100 million scholarship fund will be set up. Universities and tertiary institutions will be encouraged to admit about 20 local students who excel in sport, arts and community service to undergraduate programmes each year on a full cost-recovery basis. We plan to seek funding approval from the Finance Committee of the Legislative Council (LegCo) in May 2014. Subject to funding approval, the project will be launched in the latter half of this year, and the first batch of scholarship awardees will be enrolled to the universities in September 2015.

Cooperation with non-governmental organisations (NGOs) to promote multiple pathways

3. Starting from the financial year 2014-15, an additional funding of \$10 million per annum will be earmarked for promoting multiple pathways to youths. We will invite NGOs, in collaboration with secondary schools, to enhance career guidance for secondary students.

Uniformed groups and other organisations

4. The youth uniformed groups, the Hong Kong Award for Young People and the Agency for Volunteer Service have been maintaining a partnership with the Government in promoting youth development. We will double the recurrent subvention for the uniformed groups to about \$100 million in 2014-15. We expect that the number of youth members benefited will be increased to over 138 000. We will also increase the

funding for the Assistance Scheme for Needy Student Members to \$6 million. The number of beneficiaries is expected to double to 14 000.

Youth Exchange and Internship Programmes

5. In order to help broaden the horizons of young people, we will allocate additional resources to offer more Mainland/overseas exchange opportunities and intern placements in the Mainland for youths. In 2014-15, the estimated provision for the International Youth Exchange Programme (IYEP) will be increased to \$2.95 million. We are actively exploring the feasibility of extending IYEP to more countries. We have also launched the Funding Scheme for Youth Internship in the Mainland and the Community Participation Scheme for Organising Study Tours to the Mainland, under which community organisations are given funding support to offer more Mainland internship and exchange opportunities for youths. With the allocation of additional resources, it is estimated that the total number of youth beneficiaries will increase by over 50%.

District Administration

6. To broaden the effective implementation of the concept of "addressing district issues at the local level and capitalising on local opportunities" in a progressive manner, we will introduce a pilot scheme in Sham Shui Po and Yuen Long to give decision-making power to the District Management Committees chaired by District Officers to tackle the problems involving management and environmental hygiene etc of some public areas. The DCs will provide views on work priorities. We will provide a total of \$10 million for these two districts and additional non-civil service contract staff to support the implementation of the pilot scheme in Sham Shui Po and Yuen Long from April 2014 to August 2015.

Support services for ethnic minorities

7. To strengthen support services for ethnic minorities (EMs) to help them integrate into the community, in 2014-15, the Home Affairs Department (HAD) will put in place a series of new measures, including setting up a new support service centre for EMs in Kwai Tsing to provide tailor-made classes and integration programmes; setting up youth units in all six support service centres and two sub-centres to provide dedicated programmes to help the personal growth of EM youths; and implementing a youth ambassador scheme to recruit ambassadors familiar with EM cultures and languages and with a similar background to reach out to EM youths to share their experience, offer advice and make referrals as necessary. In

addition, the HAD will recruit additional staff familiar with EM cultures and languages to assist in implementing the relevant initiatives.

Culture and Arts

8. This year, we will continue to actively promote the diversified development of culture and arts on all fronts. In terms of cultural facilities, we are planning to build a cross district community cultural centre in Ngau Tau Kok with a 1 200-seat auditorium and a 550-seat theatre.

9. Moreover, plans are in hand to undertake major renovation and expansion of the Hong Kong Museum of Art. Besides expanding the exhibition galleries and upgrading the museum's facilities and services, the project will enhance the artistic ambience along the Tsim Sha Tsui harbourfront. The renovated and expanded museum will include a brand new Hong Kong art gallery. We plan to consult the LegCo Panel on Home Affairs and the Public Works Subcommittee on this proposed project within this year. Subject to the approval of funding, works is anticipated to commence in end-2014.

Strengthening support for local arts groups

10. To strengthen our support for the local arts groups, we have earmarked additional money to increase our funding support for them. We will enhance support for the small and medium-sized arts groups by providing the Hong Kong Arts Development Council with an additional recurrent funding of around \$30 million from 2014-15, representing an increase of more than 30% over 2013-14. This amount will be used for funding the small and medium-sized arts groups and artists through various grant schemes. Besides, from 2014-15, the recurrent funding support for the nine major performing arts groups (MPAGs) will also be increased by about \$30 million in total. The total amount of subvention for the MPAGs has been increasing gradually over the past years, from some \$220 million in 2007-08 to \$334 million in 2014-15.

Sports Facilities

11. To promote greater participation in sport, from 2007 to early 2014, we have built new facilities and upgraded existing facilities with a budgeted cost of over \$10 billion in total. The swimming complexes in Kwun Tong and Victoria Park re-opened last year after extensive redevelopment, and new projects currently underway include indoor sports centres in Area 14B of Sha Tin, Area 3 of Yuen Long and Area 4 of Tsing Yi. In 2014, we plan

to seek the LegCo's support to allocate more than \$1.7 billion for the construction of new indoor sports centres in Area 24D of Sha Tin and Area 14 of Tuen Mun.

Multi-purpose Sports Complex at Kai Tak

12. The Multi-purpose Sports Complex (MPSC) will help to alleviate Hong Kong's shortage of sports venues. In April 2013, we commissioned a consultant to study options for procuring and financing the MPSC, and having considered the study findings, we have concluded that the best approach is to fund the design and construction of the MPSC through the Public Works Programme and engage the private sector in long-term operation of the complex. We are now applying for the creation of a dedicated post to take charge of this project; the Sports Commission has also established a Task Force Group to monitor the progress of and give advice on the development of the MPSC.

13. This concludes my brief presentation. My colleagues and I will be glad to answer questions from Members. Thank you.

**Presentation by Secretary for Transport and Housing
at the Special Meeting of the Finance Committee
on Thursday, 3 April 2014**

Chairman,

In the new financial year, the Government has three major areas of work relating to housing.

**(A) Formulating the Government's Long Term Housing Strategy (LTHS)
for the next Ten Years**

2. We will make reference to the consultation document issued by the LTHS Steering Committee last September and its public consultation report submitted this February, as well as various views collected from the community to formulate the LTHS. We will also follow up on major housing issues which the community is concerned about, including issues relating to Subdivided Units (SDUs).

3. On the issue of whether the Government should regulate SDUs by way of licensing, there are diverse views in the community. The Government has to study the feasibility of this proposal comprehensively before coming to a decision.

4. Moreover, it has been the Government's view that increasing the supply of Public Rental Housing (PRH) is the basic solution to address the housing needs of inadequately-housed families.

5. We understand that the community is concerned about the high rental of private residential housing and there are suggestions for the Government to re-introduce rental control. The Government, however, is worried that rental control may have the adverse effects of reducing the supply of rental flats, resulting in the landlords being selective on their tenants and end up with the negative effect of pushing up the rental level. Given that there are divergent views on rent control in the community, we must not act hastily on this matter.

(B) Increasing the Supply of Public Housing

6. As announced by the Chief Executive in the 2014 Policy Address, the Government has adopted the total housing supply target of 470 000 units for the coming ten years, with public housing (i.e. PRH and Home Ownership Scheme (HOS) units) accounting for 60%, which means about 280 000 flats with about 200 000 PRH flats and about 80 000 HOS flats. While it is the fact that the bulk of the supply of public housing will only be completed in the second five-year period, the Hong Kong Housing Authority (HA) has already embarked on the necessary preparatory work such as identifying the land required and conducting other planning process.

7. In order to achieve this target, we need to secure the support of the local community. We also need to face challenges arising from the manpower shortage of the construction industry and the financial constraints of the HA. In this connection, the HA will make the best use of PRH resources; continue to enhance its cost-effectiveness and to strengthen the sustainability of its operative mode. On the other hand, it will carry out an assessment on the additional resources required for implementing the new housing target. It will also undertake detailed discussions with the Government with a view to ensuring its long-term financial sustainability.

8. I would also like to mention about the redevelopment of PRH. The HA has recently announced that it had completed a review of the redevelopment potential of 22 aged PRH estates. However, I must point out that, from both resources and time perspectives, it is impossible for the redevelopment of all these 22 aged estates to take place at the same time. According to experience, residents affected by redevelopment always wish to be rehoused in the same district or adjacent locality. Therefore, we must first consider whether there are suitable rehousing resources in the relevant district before kicking-start the redevelopment process. At the same time, we need to strike a balance as using the rehousing resources will have implications on the applicants on the PRH Waiting List. In addition, we need to carry out a series of technical studies for the estates proposed for redevelopment, as well as consulting the residents and the stakeholders concerned. Furthermore, we need to conduct planning on redevelopment and for the provision of ancillary facilities such as transport and community facilities, etc. All these will take time. Only when concrete redevelopment parameters are available for a particular project, would the HA draw up the redevelopment timetable and make announcement on these redevelopment projects. We would also consult the District Councils and the residents concerned. These generally would take place about three years prior to actual redevelopment.

(D) Monitoring the Development of Private Residential Property Market

9. In light of the new housing supply target over the next ten years, we will continue to monitor the trend of construction and sale of private residential properties. The Development Bureau will continue to provide housing land. We estimate that about 71 000 private residential units¹ will be available for sale in the next three to four years.

Conclusion

10. Chairman, I am pleased to respond to questions on housing policies from Members, while my colleagues from the Housing Department will respond to questions on the implementation and financial matters.

**Transport and Housing Bureau
April 2014**

¹ This includes about 5 000 completed but unsold flats, about 50 000 flats which are under construction but not yet sold and about 16 000 flats from disposed sites where construction work is ready to start.

**Presentation by Secretary for Transport and Housing
at the Special Meeting of the Finance Committee
on Thursday, 3 April 2014**

Honourable Chairperson,

Today, I would like to brief Members on our priority areas under the Transport portfolio in the new financial year.

2. Regarding railway infrastructure, the construction works of the West Island Line, the South Island Line (East), the Kwun Tong Line Extension, the Shatin to Central Link and the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link are in progress. We expect them to be completed in phases between end-2014 and 2020. As for the long-term railway development of Hong Kong, we have commissioned a consultant to conduct a study for the Review and Update of the "Railway Development Strategy 2000". The study has been completed. Having regard to the consultant's overall recommendations, we are formulating the blueprint for railway development beyond 2020 and will announce it later this year.

3. Upon completion of the railway development strategy, and having regard to the planning and progress of implementation of the major transport infrastructure, we will conduct a study on the long-term development and layout of public transport modes, in order to formulate our future strategy for public transport services.

4. At the same time, we are pressing ahead with the implementation of large-scale local road projects, including the construction of, for instance, the Tuen Mun-Chek Lap Kok Link, Central-Wan Chai Bypass and Island Eastern Corridor Link, as well as the widening of Tolo Highway and Fanling Highway. There are also projects under planning, such as the Central Kowloon Route, the Tseung Kwan O-Lam Tin Tunnel, and the Tseung Kwan O Cross Bay Link. Besides, we are proceeding in full speed with the related local projects of the Hong Kong-Zhuhai-Macao Bridge (HZMB), including the Hong Kong Boundary Crossing Facilities and Hong Kong Link Road projects, to tie in with the commissioning of the HZMB Main Bridge in 2016.

5. Honourable Chairperson, the Government accords great importance to tackling the road congestion problem in Hong Kong. I have already invited the Transport Advisory Committee to conduct a study on the problem and recommend practicable short and medium term improvement measures to the Government before the end of this year. The Government will also explore the possibility of the application of electronic road pricing in the Central District upon the commissioning of the Central-Wan Chai Bypass.

6. As regards the aviation sector, the Government is actively assisting the Airport Authority (AA) in pressing ahead with the planning work for the three-runway system (3RS) at the Hong Kong International Airport. At present, the AA is finalising the statutory Environmental Impact Assessment (EIA) report. Upon successful completion of the EIA process and other relevant statutory procedures, the construction works will commence as early as possible with a view to commissioning the 3RS in 2023.

7. To enhance training for practitioners of the aviation industry in order to cope with the rapid growth of the civil aviation industry on a continuous basis, the Civil Aviation Department will commission a consultancy study to explore the feasibility of establishing a civil aviation training institute. In addition, the review on the framework for designation of Hong Kong airlines has recently been completed, and the relevant industry players have been informed of the fine-tuned guidelines.

8. In addition, the Government has launched the 100 million Maritime and Aviation Training Fund. The Fund will be used to sustain and enhance existing training schemes and scholarships, as well as to launch new initiatives, with a view to building up a vibrant, diversified and competitive pool of professionals and technical personnel to support the sustainable development of the maritime and aviation sectors in Hong Kong. In the meantime, the Government is following up a consultancy recommendation on setting up a new statutory maritime body to propel more comprehensive development of the maritime sector.

9. Regarding the development of the port, the two consultancy studies, namely "the Preliminary Feasibility Study for the CT10 at Southwest Tsing Yi (PFS)" and "the Study on the Strategic Development Plan for Hong Kong Port 2030 (HKP 2030)", are being finalized for completion. Based on the study results, we will comprehensively consider the long-term strategy and development plan for Hong Kong Port by taking into account the views of stakeholders, and the global and local economic situation. We are also studying how to better allocate and manage some existing 100

hectares of port back-up sites in Kwai Tsing district, in order to meet the development and operational needs of the port more effectively.

10. On the logistics front, we are conducting a detailed traffic impact assessment in respect of the 10 hectares of land reserved for high value-added logistics use in Tuen Mun West. The results are expected to be available in the second half of this year. We will also carry out district consultation as soon as possible before making available the land in phases.

11. As far as marine safety is concerned, the Marine Department has increased its manpower and resources for enhancing marine safety in local waters. As regards the proposed second-phase improvement measures requiring relevant local vessels to install Automatic Identification System and radar, the trade has been informed that the Government will provide, as appropriate, subsidies to the shipowners for equipment installation as well as for crew members to attend training. We will strive to introduce relevant legislative proposals into the Legislative Council in the 2014-15 legislative year.

12. I would be pleased to answer questions from Members with regard to policies. My Secretaries, Directors and other colleagues would also be pleased to answer questions regarding operation and deployment of financial resources. Thank you, Honorable Chairperson.

Transport and Housing Bureau
April 2014

**Presentation by Secretary for Labour and Welfare
at the Special Meeting of the Finance Committee
on Thursday, 3 April 2014**

Chairman and Honourable Members,

In 2014-15, government recurrent spending on social welfare and women's interests will reach \$56.9 billion, accounting for 18.5% of the total recurrent government expenditure of the year, second only to education. Compared with the revised estimate for 2013-14 (\$51.9 billion), there is an increase of \$5 billion (i.e. 9.7%). This reflects the Government's commitment to supporting the disadvantaged. The Government will continue to provide and enhance our support to the disadvantaged, including the elderly, persons with disabilities, low-income families and those in need. Now, let me highlight how the Labour and Welfare Bureau (LWB) will make use of such substantial resources.

Elderly Services

2. All along, the Government attaches great importance to elderly services and allocates additional resources every year to enhance the standard and quantity in this area. In 2014-15, the recurrent government expenditure on elderly services is estimated to reach \$6.2 billion, representing about 10.9% of the total recurrent government expenditure on social welfare, and an increase of 15% over the revised estimate of \$5.4 billion in 2013-14.

3. Insofar as the strengthening of community support and services for elderly persons is concerned, the Government will provide additional subvention to 211 elderly centres over the territory for employing more social workers to strengthen counselling services, enhancing information dissemination and handling of care need assessments and service applications for the elderly. We will also enhance support services for elderly persons with dementia and their carers provided by the District Elderly Community Centres. Furthermore, we propose to provide an additional 1 500 Enhanced Home and Community Care Services (EHCCS) places, amounting to an increase of 27% over the existing provision. The service content of the new and about 5 580 EHCCS existing places would be strengthened, e.g. to enhance home-based on-site carer training so as to

help more frail elderly persons age in the community. The above initiatives would involve an annual recurrent funding of some \$336 million.

4. For those frail elderly people who need institutional care, we will allocate additional resources to provide some 950 additional subsidised residential care places through a multi-pronged approach. Besides, we propose to raise the unit subsidies of all the bought places under the Enhanced Bought Place Scheme and the Nursing Home Place Purchase Scheme. We will also extend the continuum of care arrangement to six subvented Nursing Homes and five new contract homes with a view to enhancing the service quality and strengthening the care for frail elderly. The above initiatives would involve an annual recurrent funding of some \$325 million.

5. With the aims of providing more diversified choices for elderly persons and incentivising service providers to enhance the quality of their services, the Government is experimenting the new funding mode of "money-following-the-user" through the use of vouchers.

6. The Government is conscious of the challenges posed by our ageing population. We have therefore attached great importance to the short, medium and long-term planning work. In this connection, the Chief Executive has announced in his 2014 Policy Address that the Elderly Commission will be tasked to formulate an Elderly Services Programme Plan (Programme Plan). We are grateful for the support of the Legislative Council (LegCo) Panel on Welfare Services for our proposal of creating a Principal Assistant Secretary (Special Duties) post at the Administrative Officer Staff Grade C rank in LWB to provide dedicated support to the formulation of the Programme Plan. The Elderly Commission, during the process of formulating the Programme Plan, will take into account both the existing services and those expected to be provided in future, as well as the different modes of service delivery, including among others the study on a voucher scheme for residential care services for the elderly. At the same time, the Government is implementing the Special Scheme on Privately Owned Sites for Welfare Uses (Special Scheme) to encourage non-governmental organisations (NGOs) with their own land to provide diversified services, in particular services for the elderly. The Special Scheme will provide a concrete basis for planning of welfare facilities and manpower demand for elderly services in the medium to long term.

Public transport fare concessions for the elderly and eligible persons with disabilities

7. Since the launch of the Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities (the Scheme), the number of daily average passenger trips so far is around 700 000, with about 620 000 trips (88%) made by the elderly and the remaining 80 000 trips (12%) by eligible persons with disabilities. We are preparing to extend the Scheme to eligible children with disabilities aged below 12 next month (May) and to extend the Scheme to green minibuses (GMB) in phases starting from the first quarter next year. The Transport Department is exploring with the GMB trade and the Octopus Cards Limited to resolve the technical, operational, accounting and auditing issues, and the expenditure involved.

Enhancing rehabilitation and support services for persons with disabilities and their carers

8. The rehabilitation policy of Hong Kong aims to promote the development of the capabilities of persons with disabilities and their full integration into the community. Taking into account the expenditure of LWB, the Social Welfare Department (SWD) (excluding related expenditure under the Comprehensive Social Security Assistance (CSSA) Scheme and Social Security Allowance (SSA) Scheme) and Transport Department (Rehabus service) alone, the overall recurrent expenditure for rehabilitation services has already increased from some \$2.8 billion in 2007-08 to nearly \$4.3 billion in 2013-14, representing an increase of about 52%. In 2014-15, the relevant recurrent expenditure will further increase to \$5.1 billion, representing an increase of about 19% over 2013-14.

9. We propose to allocate an additional annual recurrent expenditure of about \$360 million from 2014-15 onwards for the continued improvement and enhancement of rehabilitation services for persons with disabilities, thereby facilitating the development of the potential of persons with disabilities and their full integration into the community.

10. We propose to allocate an additional provision of some \$152 million to regularise three Community Care Fund programmes, including providing training subsidy for children with disabilities from low-income families, thereby enabling them to receive self-financing services while wait-listing for subvented pre-school rehabilitation services; and offering subsidies to persons with severe physical disabilities living in the community for renting medical equipment and acquiring medical consumables, with one-stop

integrated support service co-ordinated by case managers according to their needs.

11. We are mindful of the need of rehabilitation service users for a higher level of care and support owing to ageing. We propose to allocate an additional provision of about \$93 million to increase the manpower for day training centres for persons with disabilities to strengthen the care and support for ageing service users.

12. SWD launched the four-year Pilot Bought Place Scheme for Private Residential Care Homes for Persons with Disabilities (BPS) in October 2010 to encourage private residential care homes for persons with disabilities (RCHDs) to upgrade their service standards, increase the supply of subsidised residential care places and provide more residential service options for persons with disabilities. Having regard to the support from stakeholders, the Government proposes to allocate an additional provision of about \$40 million to regularise BPS, with the cap of subsidised places in each home raised from 55% to 70%, and the number of places to be bought increased from 300 to 450.

13. We are also committed to strengthening community support for persons with disabilities. To further relieve family members/carers of their pressure in taking care of persons with disabilities, we propose to allocate an additional provision of about \$23.8 million to increase 442 places of short-term day care and residential care services for persons with disabilities aged 6 or above, so that their family members/carers may take a planned short break or attend to their personal business. This also helps to temporarily relieve the families or carers from their caring duties and alleviate their stress. Besides, we propose to allocate an additional provision of about \$10.6 million to strengthen the manpower of the District Support Centres and introduce a case management service approach with a view to providing service users with more comprehensive and convenient support. We propose to allocate an additional provision of about \$2.57 million to strengthen the manpower of the Multi-service Centres for the Hearing Impaired Persons and the Social and Recreational Centres for the Disabled which are offering sign language interpretation service, with a view to enhancing sign language interpretation services for persons with hearing impairment. We also propose to allocate an additional provision of about \$5.28 million to the "Financial Support Scheme for Self-help Organisations of People with Disabilities/Chronic Illness" to better support the operation and development of the self-help organisations of persons with disabilities/chronic illness.

14. Noting the keen demand of persons with disabilities for rehabilitation services, the Administration will continue to adopt a multi-pronged approach to actively identify suitable sites to provide more service places. During the current term of the Government, we will provide 6 200 additional places of rehabilitation services for persons with disabilities. In 2014-15, we propose to increase 331 places of rehabilitation services for persons with disabilities, involving a full-year additional provision of about \$21.6 million.

15. The Government is mindful of the needs of persons with mental health problems and their families/carers. In 2014-15, we will allocate an additional provision of \$9.3 million to enhance the services of the Integrated Community Centres for Mental Wellness (ICCMWs) with a view to dovetailing with the Case Management Programme implemented by the Hospital Authority, and providing services for more persons in need. In other words, the total amount of resources allocated for ICCMWs will be over \$205 million in 2014-15.

16. Currently, there are 135 rehabuses in the Rehabus fleet. In 2014-15, the Government will allocate an additional capital expenditure of about \$13.2 million for procuring six new rehabuses and replacing seven existing ones of higher vehicle age, thereby increasing the fleet to 141. The Government will also allocate about \$55.62 million (including an additional provision of \$4.2 million) to subsidise the recurrent expenditure of the Rehabus service with a view to further enhancing the service and management of the Rehabus.

17. Furthermore, we propose to allocate an additional funding of \$2.34 million for upgrading the Commissioner for Rehabilitation post and strengthening the establishment of the Commissioner's team to enhance co-ordination among various bureaux and departments in implementing the United Nations Convention on the Rights of Persons with Disabilities. We thank the LegCo Panel on Welfare Services for supporting the proposal.

Social Security

18. For social security, we will continue to provide economic assistance to those in need through CSSA and SSA Schemes in the coming year. Excluding one-off additional payments, the estimated total expenditure of these two schemes in 2014-15 is about \$39.1 billion, which is 7.8% higher than the revised estimate (\$36.3 billion) last year. This represents 68.7% of the recurrent social welfare expenditure (\$56.9 billion) and 12.7% of the recurrent government expenditure (\$307.4 billion).

CSSA

19. Regarding the CSSA Scheme, based on the established adjustment mechanism, we have increased the standard payment rates and the levels of maximum rent allowance by 4.1% and 6.5% respectively since 1 February 2014. In addition, the annual recurrent expenditure of the CSSA Scheme will be increased by about \$126 million from 2014-15 onwards to support a number of targeted measures to improve the CSSA Scheme, which include increasing the amount of flat-rate grant for selected items of school-related expenses for primary and secondary CSSA students; including post-secondary students of CSSA families in the calculation of rent allowance; and providing rent allowance to CSSA recipients who have been Tenants Purchase Scheme flat owners for more than five years.

Old Age Living Allowance

20. Regarding the Old Age Living Allowance (OALA), we will review OALA by the end of this year to ascertain, among other things, whether the asset limits should be relaxed.

One-off relief measure

21. Besides, the Financial Secretary proposes to provide an extra one-month allowance to the recipients of the CSSA Scheme, Old Age Allowance (including the Guangdong Scheme), OALA and Disability Allowance. This proposal will involve an additional expenditure of about \$2.7 billion and about 1.2 million recipients will benefit from the extra allowance.

Low-income Working Family Allowance

22. The current-term Government is determined to tackle the root problem of poverty. Our poverty alleviation policy is to encourage young people and adults to become self-reliant through employment, strengthen family support, promote upward mobility and alleviate inter-generational poverty. The proposed Low-income Working Family Allowance (LIFA) has been designed following the above policy direction. It is tied to employment and working hours to encourage self-reliance. More allowance will be granted to those who work more. The LIFA has a particular focus on children and young people of low-income working families to alleviate inter-generational poverty.

23. The LIFA is estimated to cost \$3 billion per year. Over 200 000 low-income families (involving 710 000 persons) will benefit. Beneficiaries include over 180 000 eligible children or young people under the age of 21. We are listening to the community's views on LIFA and working out the detailed arrangements. Our target is to implement LIFA in 2015.

Providing additional resources for the Child Development Fund

24. Since its establishment in 2008, the Child Development Fund (CDF) has provided suitable induction to underprivileged children to widen their horizons and enhance their exposure, help them develop a saving habit and plan for the future. Up till now, CDF projects have already benefited more than 6 000 underprivileged children. The Government will earmark an additional \$300 million for CDF in the 2014-15 financial year to ensure the sustainable development of CDF projects, with a view to benefiting more children from a disadvantaged background.

Strengthening Day Child Care Services

25. We understand that some parents may be unable to take care of their children temporarily because of work or other reasons. To provide child care services with greater flexibility, the Government will enhance the Neighborhood Support Child Care Project from 2014-15, including lifting the age limit of service beneficiaries from under six to under nine; providing at least 234 additional places for home-based child care service; and increasing funding to operators to enhance social work support for the service.

26. Moreover, to enhance the after-school care services currently provided by NGOs for children aged 6 to 12, SWD will, starting from 2014-15, allocate additional resources to extend the service hours of some after-school care centres on weekday evenings, Saturdays, Sundays and school holidays, as well as to provide 360 additional fee-waiving and fee reduction quotas across the territory. The implementation of the above two initiatives will incur an annual recurrent expenditure of \$21.75 million.

Implementing the Special Scheme on Privately Owned Sites for Welfare Uses

27. LWB is implementing the Special Scheme to provide additional facilities for elderly and rehabilitation services. Based on the rough estimation of the applicant organisations, if all the proposals received under

the Special Scheme could be implemented smoothly, about 17 000 additional service places would be provided for the elderly and persons with disabilities, including around 9 000 places for elderly services and 8 000 places for rehabilitation services. This will effectively relieve the pressure on service demand and shorten the waiting time. The Special Scheme will provide a concrete basis for planning for welfare services and manpower in the medium to long term. We believe that the projects involved in five of the 63 preliminary proposals may be completed by 2017-18. As for the remaining 58 preliminary proposals, they are expected to be completed in phases after 2017-18, depending on their technical feasibility.

28. The LegCo Finance Committee approved in February this year the proposal to arrange for the transfer of funds of \$10 billion to the Lotteries Fund (LF) to ensure sufficient resources to implement the feasible projects under the Special Scheme and other projects within the remit of LF.

Human Resources in Care Services

29. The Government launched a "first-hire-then-train" pilot scheme through LF in 2013. Under the pilot scheme, young people are recruited to provide care services at residential care homes for the elderly and receive on-the-job training. They are also provided with subsidies from the Government to pursue a relevant course. After completing the course, they could be promoted to a higher position and may move up the career ladder in the welfare sector. In the light of the positive response to the pilot scheme, we plan to expand and extend it to cover rehabilitation services in a project named the "Navigation Scheme for Young Persons in Care Services" (the Scheme), providing an additional 1 000 places in phases from 2014-15 for young people who have graduated from Secondary 5 or Secondary 6 level. The expenditure involved is approximately \$147 million. We hope that the Scheme will help address the demand for care personnel and provide the younger generation with more employment options.

Enhancing the Lump Sum Grant Subvention System

30. To further enhance the Lump Sum Grant Subvention System, the Government will increase the annual recurrent funding for NGOs to strengthen central administrative and supervisory support, and increase provision for "Other Charges" in the Lump Sum Grant subvention to help NGOs cope with other operating expenses including food costs. The Government will also provide additional resources to enable NGOs to recruit and retain paramedical staff more effectively or in hiring paramedical services. The above enhancement initiatives will incur an additional

recurrent expenditure of about \$470 million in 2014-15. Besides, the Government will allow NGOs to transfer the surplus from their Provident Fund reserve for Snapshot Staff to their Provident Fund reserve for non-Snapshot Staff so as to improve NGOs' contributions to the latter's Provident Fund.

Injection into the Partnership Fund for the Disadvantaged

31. The Government plans to inject \$400 million into the Partnership Fund for the Disadvantaged to further encourage cross-sectoral collaboration in launching projects that can cater for various needs of the disadvantaged. Of this sum, \$200 million will be dedicated to provide more after-school learning and support initiatives for primary and secondary school students from grassroots families.

Women's Interests

32. In 2014-15, we have earmarked around \$30 million to promote women's interests and support the work of Women's Commission (WoC). This includes the provision for assisting WoC in implementing the "Capacity Building Mileage Programme" to support women's learning needs. LWB and WoC are conducting a survey to find out the reasons why Hong Kong women leave the labour market and the factors that attract them to take up employment again. The survey will be completed by end-2014 and the findings will serve as reference for policy formulation. We will also produce a one-stop information web portal on services in support of women employment. WoC has set women employment as the theme of its work in 2014-15 and will provide funding support for women's groups and NGOs to organise projects that facilitate women employment through the "Funding Scheme for Women's Development".

33. Chairman, this concludes my opening remarks. My colleagues and I are 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, 3 April 2014**

Chairman and Honourable Members,

Recurrent spending on labour and manpower development in 2014-15 is estimated to be \$1,753 million, representing an increase of \$228 million (or 15%) over the revised estimate of \$1,525 million last year. It accounts for 0.6% of the total recurrent government expenditure. Let me highlight the key areas of our work.

Promoting Employment

2. The Government has all along been committed to promoting employment. We have proactively provided job seekers with employment support services to help them secure employment. On the back of sustained economic growth that brought about further job creation, the labour market stayed buoyant in 2013. The latest seasonally adjusted unemployment rate (December 2013 – February 2014) stayed at a 16-year low of 3.1%. Meanwhile, the underemployment rate edged down further to 1.2%, the lowest level since September to November 1997. The Labour Department (LD) recorded 1 216 735 private sector vacancies in 2013, up by 6.3% over 2012, an all-time high figure.

3. LD will continue to provide comprehensive and free employment services through a network of 12 job centres, two industry-based recruitment centres, a Telephone Employment Service Centre, a Job Vacancy Processing Centre, the Interactive Employment Service website and the vacancy search terminals installed at various locations across the territory to help job seekers, including the new arrivals and ethnic minorities, find work. LD will also actively organise large-scale and district-based job fairs so that job seekers can reduce the time in job search.

4. On the other hand, some job seekers, such as young people, the middle-aged and persons with disabilities, may still encounter difficulties in seeking employment owing to limited working experience, inadequate knowledge of the employment market situation or lack of working skills, etc. LD will continue to administer various specialised programmes to cater for

their employment needs. We will keep our employment services under review and implement enhancement measures where necessary, so as to effectively provide job seekers with comprehensive employment support. Moreover, to assist industries facing manpower shortage to recruit staff and job seekers to find work promptly, we will organise various thematic job fairs, including some specifically for ethnic minorities, to enhance the dissemination of job market information. Renovation work at the new job centre at Tung Chung is now underway. Upon its commissioning in about six months' time, we will be able to better serve job seekers at Lantau Island.

Reviewing the Work Incentive Transport Subsidy Scheme

5. With the enhancement measures of the Work Incentive Transport Subsidy (WITS) Scheme taking effect since 2013, applicants may choose to apply on an individual or household basis (i.e. nicknamed "dual track" application method). Moreover, the income and asset limits for the subsidy have been raised again from the claim month of February 2014 onwards under the annual adjustment mechanism. We will commence in the coming October a comprehensive review of the WITS Scheme, covering its objectives, eligibility criteria, modus operandi and effectiveness. We aim to complete the review by the first quarter of 2015.

Reviewing the Statutory Minimum Wage Rate

6. The implementation of the increased Statutory Minimum Wage (SMW) rate of \$30 since 1 May 2013 has been smooth. The overall employment market has remained stable. Compared with the pre-SMW period (i.e. February – April 2011), the latest seasonally adjusted unemployment rate (for December 2013 – February 2014) fell by 0.5 percentage point to 3.1%. Total employment also rose to 3 731 900. The income of grassroots workers has continued to improve noticeably. For 2013 as a whole, preliminary figures show that the average employment earnings of the lowest decile full-time employees registered a year-on-year increase of 6%, which was higher than that for the overall level.

7. Results of the 2013 Annual Earnings and Hours Survey by the Census and Statistics Department were already released last month. Adopting an evidence-based approach, the Minimum Wage Commission is now conducting a new round of review of the SMW rate. It is expected that the Commission will submit a report on its recommendation by the end of this year.

Promoting Labour Relations

8. Harmonious labour relations are important for underpinning Hong Kong's stability and economic prosperity. In 2013, the Hong Kong economy continued to show healthy growth, and the labour relations scene was generally stable despite individual labour strikes. The number of labour disputes and employment claims handled by LD in 2013 dropped by 7% (from 18 999 in 2012) to 17 585. In the year, over 70% of cases were settled through conciliation. We will continue to closely monitor the labour relations scene and provide timely assistance to employers and employees in need.

9. We will keep up our promotional efforts to enhance public awareness in the Employment Ordinance (EO) and encourage employers to adopt good people management measures through various channels such as television and radio broadcast, roving exhibitions, the internet, talks, posters and publications, with a view to fostering harmonious labour relations. We will also promote family-friendly employment practices through a wide range of publicity activities; and will through the industry-based tripartite committees help cultivate a family-friendly employment culture and working environment in various industries.

Legislating for Paternity Leave

10. Having secured the support of the Labour Advisory Board and consulted the Panel on Manpower of the Legislative Council (LegCo), the Administration has decided to legislate for paternity leave to facilitate working fathers to take leave around the time of childbirth to take care of the mother and the newborn child. The relevant Employment (Amendment) Bill 2014 was introduced into LegCo last week (26 March). I sincerely look forward to the smooth passage of the Bill by LegCo so that this family-friendly employment practice can be implemented at the earliest possible time.

Standard Working Hours

11. The Government set up in April 2013 the Standard Working Hours Committee (SWHC) which comprises members drawn from the business and labour sectors, academia, community and Government. Since its commencement of work, SWHC has been actively following up on the Government's policy study on standard working hours, and promoting understanding of and in-depth public discussions on working hours with a view to building community consensus. Two working groups have been

formed to take charge of wide public consultation and comprehensive working hours surveys respectively. These two working groups strive to submit reports to the Committee by the end of this year for deliberation and formulation of its ensuing work.

Pursuing the Proposal to Amend the Reinstatement and Re-engagement Provisions under the Employment Ordinance

12. In the year ahead, we will continue to pursue the proposal to amend the reinstatement and re-engagement provisions under the EO to enhance protection for employees who are unreasonably and unlawfully dismissed. The relevant amendment will empower the Labour Tribunal (LT) to, without the need to secure an employer's consent, make a compulsory order for reinstatement or re-engagement of his employee who has been dismissed in the said circumstances. The Administration has been actively handling the legal principles and court procedures contained in the draft Amendment Bill with a view to finalising the Bill for introduction into LegCo as soon as possible.

Protecting Employees' Rights and Benefits

13. Compliance with the Minimum Wage Ordinance (MWO) has been satisfactory since its implementation on 1 May 2011. During May 2011 to December 2013, labour inspectors of LD conducted 108 635 workplace inspections. Including reported cases, 164 cases (0.15%) involving suspected violation of the MWO were detected. Follow-up actions on all such cases confirmed that employees in most cases had received SMW or had recovered the shortfall of wages. LD will continue to launch targeted enforcement actions to ensure compliance. All complaints about breaches of the MWO will be swiftly and thoroughly investigated. As at end-2013, 35 convicted summonses of 9 cases against employers for underpayment of SMW were recorded.

14. To safeguard the employment opportunities of local workers, the Administration takes rigorous enforcement actions against illegal employment. In 2013, together with the Police and the Immigration Department, LD mounted 210 joint operations to raid establishments suspected to have employed illegal workers. The concerned departments will continue to work closely to share intelligence and take targeted actions to combat illegal employment.

15. We have also spared no efforts in fighting wage offences and defaults of awards ordered by the LT or the Minor Employment Claims Adjudication

Board (MECAB). Last year, we secured a total of 443 convictions against wage offences (a drop of 16% over 525 convictions in 2012). At the same time, there were 177 summonses where company directors or responsible persons were convicted of wage offences, representing an increase of 54% year-on-year (when compared with 115 summonses in 2012). In 2013, 127 summonses were also convicted against employers defaulting on payment of LT or MECAB awards, an increase of 69% (when compared with 75 convicted summonses) over 2012. Of these, 54 summonses were against company directors or responsible persons as the offences were committed with their consent, connivance or negligence, up one fold year-on-year (when compared with 27 convicted summonses in 2012).

16. The aforementioned conviction figures show that LD's rigorous enforcement efforts have yielded fruitful results. Nevertheless, we will remain vigilant. LD will continue to strengthen intelligence gathering, evidence collection and proactively conduct inspections to detect wage offences. Apart from taking proactive measures to prevent employers from evading wage liabilities, we will continue to take stringent enforcement actions to tackle the problem at source by targeting company directors and responsible persons for committing wage offences. If there is sufficient evidence, we will prosecute the employers and responsible persons involved for the wage defaults.

17. In 2013, alongside the stable economic growth of Hong Kong, the Protection of Wages on Insolvency Fund (PWIF) recorded a decrease of applications by 30% to 2 081 as compared with that of 2012. At present, there are still uncertainties in the external environment. LD will continue to monitor the trend of business closures and provide timely relief to affected employees by effecting ex gratia payments through PWIF.

Protecting Foreign Domestic Helpers and Regulating Employment Agencies

18. The Government notes the concerns in the community over how to protect the rights and benefits of the foreign domestic helpers (FDHs) and the regulation of the employment agencies (EAs). We are planning to implement various short, medium and long-term measures. First, we will strengthen our publicity and educational efforts to increase FDHs' awareness of safeguarding themselves and their labour rights, and appeal to employers to treat their FDHs well, and not to withhold their wages nor deduct their wages for paying any intermediary and training fees. LD has increased its manpower to strengthen the monitoring of and inspection to EAs. To better safeguard the interests of both employers and FDHs, we will in the

longer term consider introducing appropriate licensing conditions for EAs' compliance. Furthermore, we will tackle the problem at root and continue to request the Indonesian authorities to adopt proactive measures to alleviate Indonesian domestic helpers' debt burden arising from their payment of a huge sum of intermediary and training fees before they come to Hong Kong.

Enhancing Occupational Safety and Health

19. With the commencement of mega infrastructure projects and a large number of old building repair works in recent years, coupled with the anticipated construction boom in the coming years, the construction workforce has been on the increase. These developments pose challenges to work safety in the construction industry. The number of workers of new works sites alone rose by about 60% from around 50 000 in 2009 to nearly 80 000 in 2013.

20. We are gravely concerned about the 10 fatal accidents that happened in the construction industry in the first quarter of 2014. This death toll is uncommonly high when compared with those over the same period in recent years. These serious accidents mainly involved work-at-height and lifting operations. LD has promptly launched special enforcement operations targeting these high-risk processes. We issue improvement/ suspension notices and initiate prosecutions as appropriate without prior warning upon discovery of breaches of law. Besides, workers should, in the interest of their own and their families, fully co-operate with their employers in adhering to all safety measures and properly use protective gear so as to avoid endangering their own safety and that of other persons at work.

21. In collaboration with the trade associations, workers' unions, the Construction Industry Council and the Occupational Safety and Health Council, LD has formulated a package of measures to tackle this challenge on various fronts. These include: (i) further stepping up inspections and enforcement actions; (ii) strengthening the monitoring of work safety of major works projects; (iii) enhancing the content of the mandatory safety training courses for construction workers; (iv) expediting the notification of serious incidents to the industry through the release of the Work Safety Alerts; (v) strengthening promotion activities on thematic work safety; (vi) conducting visits to construction sites and roving exhibitions; (vii) launching work safety accreditation schemes, and (viii) launching work safety sponsorship schemes.

22. My LD colleagues and I can elaborate on the above measures later. LD has already proposed to brief Members of the Panel on Manpower on

the latest occupational safety performance of the construction industry at the meeting to be held later this month and seek Members' views on the measures to enhance construction safety.

Manpower Development

23. The Employees Retraining Board (ERB) and the Vocational Training Council (VTC) will continue to provide diversified training services, with a view to helping the labour force enhance their skills and competitiveness, thereby meeting the changing manpower needs of the economy. The Finance Committee of LegCo approved in January this year the Government's injection of \$15 billion into the ERB as part of our long-term support.

24. In 2014-15, ERB plans to offer 130 000 training places. Adequate resources have also been reserved for providing an additional 40 000 training places. This will enable ERB to respond promptly to the demand from training bodies for increasing or redeploying the training places should there be significant changes in the economy and the labour market. The ERB will also continue to provide tailor-made courses for people with special training needs, such as the new arrivals, ethnic minorities and youths.

25. In addition, VTC is planning to provide 187 400 training places in the 2014/15 academic year for those seeking to pursue vocational training. In 2014-15, the Labour and Welfare Bureau's related recurrent subvention to VTC will amount to \$200.1 million. In the coming year, VTC plans to test out the training-cum-work mode, which has been adopted in the Pilot Traineeship Scheme launched in end-2011, in the retail and elderly care services industries, providing 180 training places for each industry.

26. Chairman, this concludes my opening remarks. My colleagues and I are happy to respond to questions from Members.

– End –

**Presentation by Secretary for Food and Health
at the Special Meeting of the Finance Committee
on Friday, 4 April 2014**

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 2014-15 Estimates, about \$6.3 billion has been earmarked for recurrent expenditure in the policy portfolio of "Food Safety and Environmental Hygiene", representing an increase of \$340 million (5.7%) over the previous year and accounting for 2% of recurrent government expenditure.

3. New resources available in this financial year are mainly used to provide –

- additional funding of about \$213 million to the Food and Environmental Hygiene Department (FEHD) to cope with the rise in outsourcing contract prices (including implication arising from upward adjustment of the statutory minimum wage rate);
- additional funding of about \$15 million to create two task forces in the FEHD to strengthen enforcement actions against illegal extension of food business area;
- one-off allocation of \$10 million for the FEHD to implement black spot cleansing initiatives laid down by the District Administration Summit in 2014-15;
- additional funding of about \$6.6 million for the Agriculture, Fisheries and Conservation Department (AFCD) to step up enforcement of the trawl ban;
- additional funding of about \$4.7 million for the AFCD to enhance animal management and animal welfare;
- additional funding of about \$3.4 million for the AFCD to

enhance avian influenza (AI) surveillance; and

- additional funding of about \$2.3 million for the Government Laboratory to strengthen analytical services and develop testing methods to prepare for legislation to regulate formula products and foods for infants and young children.

4. I will now proceed to outline the policy priorities and work progress.

Prevention and Control of AI

5. First of all, on the prevention and control of AI. Over the past decade or so, the Government and the local live poultry industry, as well as the Mainland inspection and quarantine authorities and the farms supplying Hong Kong, have collaboratively built up a resilient and stringent system for the surveillance and control of AI, for the purpose of reducing the AI risks in Hong Kong. Since the occurrence of H7N9 AI cases in the Mainland last year, Hong Kong has been on high alert and taking measures to prevent the spread of the virus. We started conducting H7 AI Polymerase Chain Reaction tests on imported live poultry from 11 April 2013, and further introduced the H7 AI serological test on 24 January 2014.

6. To enhance our work on this front, a total provision of \$64.7 million has been earmarked for AI surveillance in the 2014-15 Estimates, including \$13.7 million for the FEHD and \$51 million for the AFCD (of which about \$3.4 million is additional funding).

7. On 27 January 2014, the Government confirmed a number of positive H7 AI samples in a batch of imported live chickens. We immediately adopted a series of corresponding contingency measures in accordance with the Preparedness Plan for Influenza Pandemic on the Serious Response Level, including suspension of the import of live poultry from the Mainland, and enhanced AI surveillance of the local live chicken supply chain, etc, to prevent the virus from spreading in the community.

8. The Government is setting up a check-point for local live chickens at the Government farm in Ta Kwu Ling, so that in the event of the closure of the Cheung Sha Wan Temporary Wholesale Poultry Market, this will enable the continued supply of local live chickens for the market and help mitigate the possible impact on the trade. We will continue to fortify our efforts on AI prevention and control to safeguard public health.

Food Safety

9. On food safety, the Regulation which governs pesticide residues in food will come into operation on 1 August 2014. The Centre for Food Safety has conducted technical meetings and briefings for food traders and local farmers and developed practical guidelines to help them prepare for the commencement of the Regulation. To tie in with the implementation of the Regulation, we will update the list of maximum residue limits/extraneous maximum residue limits for certain pesticide-food pairs as specified in its Schedule 1. The proposed amendments will be introduced into the Legislative Council (LegCo) as soon as possible.

10. We will also table legislation at the LegCo this year to introduce the requirement on the nutritional composition of infant formula before complementary feeding to ensure that adequate nutrition is provided by these products. We will also introduce legislative control on the nutrition labelling of powdered formula and food products intended for infants and young children under the age of 36 months.

Public Markets and Hawkers

11. Many members are concerned about the policy on public markets and hawkers as well as their operating environment. The LegCo Panel on Food Safety and Environmental Hygiene (the Panel) has just established Subcommittees on these two subjects respectively. For the purpose of developing proposals to improve the operating environment of public markets thereby enabling them to fulfil the functions expected of them, the Government has commissioned a consultancy study. The study commenced in December 2013. If it progresses smoothly, we expect the consultant to submit the preliminary findings of the study in mid-2014.

12. On hawkers, to further enhance the fire resistance capability and electrical installations of hawker stalls, the FEHD launched in June 2013 a five-year assistance scheme covering about 4 300 hawkers in the 43 fixed-pitch hawker areas in the territory. Under the scheme, around 500 stalls which are located directly in front of staircase discharge points of buildings or obstructing access and operations of emergency vehicles will need to be relocated. At present, a mutually acceptable solution has been found for about 40% of such stalls (including cases of operators agreeing to relocate and reconstruct their stalls and cases where they opt to voluntarily surrender their licence in return for ex-gratia payment). In the coming year, we will continue to actively take forward the assistance scheme. We will actively support the work of the two Subcommittees and jointly explore

practical measures to improve the operating environment of public markets and hawkers.

Columbarium Policy

13. On regulation of the operation of private columbaria, we reported to the Panel in November 2013 on the progress made in formulating the statutory licensing scheme for private columbaria. Based on our updated deliberations and the further information gathered, we are finalising the detailed provisions of the draft legislation and aim to introduce the Private Columbaria Bill into the LegCo in the second quarter of 2014.

14. Meanwhile, in the interest of encouraging wider use of environmentally-friendly and sustainable means of handling cremains including scattering of ashes in Gardens of Remembrance or at sea, the Administration will continue with its efforts to foster the necessary mind-set change.

15. As for the district-based columbarium development scheme, the feasibility studies related to the potential sites across the 18 districts are by and large either completed or at an advanced stage by now, and we have been consulting the respective District Councils on individual columbarium development projects since the second quarter of 2012. In 2014, we will continue with the work in this respect. We hope to secure local support for the development scheme so as to ensure a stable supply of public columbarium niches in the short to medium term.

Animal Welfare

16. The Government attaches great importance to animal welfare and management. Our policy objective is to ensure that animals and people co-exist in a harmonious way. We conducted a public consultation on the proposals to better regulate pet trading in October 2012 and reported to the Panel on the outcome of the consultation at its meeting in April 2013. The attending Members and stakeholders expressed divergent views on the proposed new licensing regime. In the past few months, we have been keeping liaison with them to discuss the approach and details of regulation. We are considering their views carefully and plan to introduce the amendment regulation into the LegCo within this year. Besides, the Government will take forward the "Trap-Neuter-Return" trial programme for stray dogs and examine first-hand whether this management method is effective in reducing the number of stray dogs and the nuisance caused to the nearby community.

17. Public education is the key to safeguarding and promoting animal welfare. We will continue to step up our efforts in publicity and education. In addition, we will reinforce stray animal management through a number of new and enhanced measures. Additional funding of about \$4.7 million will be allocated to the AFCD to recruit more staff for enhancing animal management and animal welfare (including stray animal management).

18. Chairman, my colleagues and I are happy to answer questions from Members.

**Presentation by Secretary for Food and Health
at the Special Meeting of the Finance Committee
on Friday, 4 April 2014**

Chairman and Honourable Members,

In 2014-15, the estimated recurrent government expenditure on health is \$52.4 billion, which amounts to 17.0% of the Government's total recurrent expenditure and represents an increase of \$2.6 billion or 5.2% over the revised estimate of 2013-14.

2. New resources available in this financial year will mainly be used to provide:

- (1) an additional recurrent funding of \$1.67 billion for the Hospital Authority (HA) to meet the demand arising from growing population and demographic changes and to further improve healthcare services, which include:
 - providing over 200 additional general hospital beds to boost in-patient capacity;
 - enhancing service provision for patients suffering from life-threatening diseases such as heart diseases, stroke, end-stage renal disease and cancer;
 - improving management of the waiting list by measures such as setting up of support sessions to relieve the workload of Accident and Emergency Departments, increase in the number of consultation sessions of specialist out-patient services, establishment of the third joint replacement centre, increase in the number of operating theatre and endoscopy sessions and extension of service hours of hospital dispensaries in phases;
 - increasing the supply of drugs, such as the expansion of clinical application of special drugs for treating prostate cancer, continuous provision of enzyme replacement

therapy for suitable patients with rare genetic diseases and replenishment of drug inventory to dovetail with the extension of dispensing hours;

- commencing the operation of the first stage of Electronic Health Record Sharing System (eHRSS), subject to passage of the eHRSS Bill by the Legislative Council;
- enhancing mental health service by measures such as increase in funding for the provision of second-generation antipsychotics (SGAs) and anti-dementia drugs to benefit an additional 10 700 patients, and extension of the Case Management Programme for patients with severe mental illness to the 18 districts in the territory; and
- increasing the quota for episodic disease consultations at general out-patient clinics in Kowloon East Cluster, Kowloon West Cluster and New Territories West Cluster by 32 000 in 2014-15 (with a further increase of 56 000 per annum starting from 2015-16, i.e. a total increase of 88 000).

(2) an additional funding of about \$800 million to the Department of Health for the following initiatives:

- doubling the annual voucher amount for each eligible elder from \$1,000 to \$2,000 and converting the Elderly Health Care Voucher Scheme into a recurrent programme;
- developing a colorectal cancer screening pilot programme for target groups and formulating other supportive measures for cancer prevention and screening;
- launching the Outreach Dental Care Programme for the elderly in residential care homes and day care centres as a recurrent programme;
- providing support for the operation of the clinical information management system and the preparation for the launching of the eHRSS;
- strengthening intervention services such as enhancement of education and publicity on breastfeeding, and the incorporation of varicella (chickenpox) vaccine into the Childhood Immunisation Programme; and
- enhancing the services of Elderly Health Centres (EHCs) through the provision of one additional clinical team in Lek

Yuen EHC in 2014-15 (and one more clinical team in Wan Chai EHC in 2015-16).

3. Here below I would like to highlight four specific topics, namely planning for public hospitals, mental health, healthcare reform and Chinese medicine development.

Public Hospital and Healthcare Infrastructure Expansion

4. The Government has made continuous efforts to deploy more resources for expanding our public healthcare infrastructure, building new hospitals and improving existing hospital facilities. The construction of a new rehabilitation block under phase 2 of the redevelopment of Caritas Medical Centre has been completed, while the development of a community health and wellness centre under the redevelopment of Yan Chai Hospital will be completed this year. We have commenced the construction of Tin Shui Wai Hospital and Hong Kong Children's Hospital, which will provide 300 and 468 beds respectively upon completion. We are preparing for the expansion of United Christian Hospital and the redevelopment of Kwong Wah Hospital. A strategic planning for a new acute hospital at Kai Tak Development Area is also underway. Moreover, we will seek funding approval of the Legislative Council for the redevelopment of Queen Mary Hospital and Kwai Chung Hospital.

5. As regards information technology facilities for healthcare provision, we are developing a territory-wide eHRSS. The objective is to maintain a more complete set of medical records for each participating individuals. This will improve healthcare quality and promote public-private partnership for enhanced continuity of healthcare services for the public. We are drafting the legislation on the eHRSS and will introduce the Bill to the Legislative Council in due course. Subject to approval of the Bill, we expect to launch the eHRSS by the end of 2014 to enable sharing of patients' electronic health records among healthcare providers in both public and private sectors with the patients' consent.

Mental Health

6. The Government is committed to promoting mental health of the public. Comprehensive mental health services are provided for persons in need, so as to facilitate their rehabilitation and re-integration into society. We will review existing services from time to time and, where necessary,

render targeted support to persons with mental health problems. The Case Management Programme mentioned just now is one example. To further strengthen efforts on this front, a Review Committee on Mental Health has been set up to focus on the study of the existing policy on mental health and the review of current service provision, with a view to mapping out the future direction for development of mental health services in Hong Kong. We will brief the Panel on Health Services on the latest development at its meeting this month.

Healthcare Reform

7. Having regard to the outcome of the Public Consultation on Healthcare Reform, we are taking forward a number of reform initiatives, which include reviewing the healthcare manpower strategy, formulating detailed proposals for the Health Protection Scheme (HPS) and promoting the development of healthcare services.

8. As regards the review of healthcare manpower planning, the Steering Committee on Strategic Review on Healthcare Manpower Planning and Professional Development is working at full strength and will, upon completion of its review, make recommendations on how to cope with the anticipated demand for healthcare manpower, strengthen professional training and facilitate professional development, with a view to ensuring the healthy and sustainable development of Hong Kong's healthcare system. As for HPS, we are considering the details of the scheme and will put up concrete recommendations in the year. To further enhance the quality and transparency of private hospital services and increase protection of consumer rights, we are reviewing the Hospitals, Nursing Homes and Maternity Homes Registration Ordinance. By strengthening the regulatory control over private hospitals, the public will receive healthcare services of higher quality, with greater transparency and which are better managed and more efficiently run.

Chinese Medicine Development

9. The Government has been adopting the concept of "evidence-based medicine" in promoting the development of the Chinese medicine industry in Hong Kong. Since the enactment of the Chinese Medicine Ordinance in 1999, we have strived to establish and improve the regulatory regime for Chinese medicine, accord a professional status to Chinese Medicine Practitioners and ensure the safety, quality and efficacy of Chinese

medicines. In accordance with the proposal of the Chief Executive in the 2013 Policy Address, we set up the Chinese Medicine Development Committee in February 2013 to focus on the deliberation and study of four key areas, namely personnel training and professional development, Chinese medicine services development, research and development as well as development of Chinese medicines industry, on the basis of the well-established regulatory regime. The Chinese Medicine Practice Sub-committee and the Chinese Medicines Industry Sub-committee have been set up under the Committee to focus on the study of various issues, including the feasible mode of operation and regulatory details for the establishment of the first Chinese medicine hospital in Hong Kong.

10. The Chinese Medicine Development Committee and its two Sub-committees have convened a number of meetings to discuss various issues about Chinese medicine. We also briefed the Panel on Health Services on the discussions and progress in this aspect on 17 March 2014.

11. Chairman, my colleagues and I are now happy to answer questions from Members.

**Presentation by Secretary for Education
at the Special Meeting of the Finance Committee
on Friday, 4 April 2014**

Mr Chairman,

The Government remains determined to invest in education. In 2014-15, the total expenditure on education is estimated at \$75.4 billion, of which \$67.1 billion is recurrent expenditure, accounting for more than one-fifth of the total recurrent government expenditure. This represents an increase of \$3.3 billion or 5.3 % over the 2013-14 revised estimate. The growth rate of this year's recurrent expenditure is higher than the average growth rate of 3.5 % per annum since the Reunification in 1997.

2. We believe that nurturing human capital and facilitating social mobility are essential to sustaining the development of Hong Kong. In the 2014 Policy Address, the Government has announced a series of new recurrent initiatives for education. As a result, in 2014-15, the share of recurrent education expenditure will increase to nearly 90% of the total expenditure on education, which is the highest percentage share since the Reunification.

New Initiatives in 2014-15

3. The additional recurrent expenditure will mainly be deployed to implement the new initiatives announced in the 2014 Policy Address and to take forward the existing education measures. The new initiatives include increasing the voucher value of the Pre-primary Education Voucher Scheme, enhancing support for ethnic minority students in learning Chinese language, enhancing support for students with special education needs, increasing financial support for needy students, enabling secondary schools to enhance life planning services as well as strengthening vocational and post-secondary education.

4. With the increase in recurrent expenditure, we estimate that the unit costs of secondary and primary school places will increase substantially in 2014-15. The unit cost of an aided secondary school place will increase to nearly \$60,000 by about 11 % over last year's and by about 46 % over the unit cost of \$41,000 in 2009-10 when the new senior secondary curriculum

commenced implementation. The unit cost of an aided primary school place has likewise increased. It amounts to nearly \$51,000 in 2014-15, representing an increase by about 7 % over last year's.

5. In 2014-15, the new initiatives under non-recurrent expenditure include -

- (i) establishing an endowment fund of \$1 billion to provide long-term support for the sustainable development of the Qualifications Framework;
- (ii) launching a pilot training and support scheme by integrating structured apprenticeship training programmes with clear career progression pathways; and
- (iii) launching the Fourth Strategy on Information Technology in Education which includes the phased provision of Wi-Fi facilities for about 1 000 public sector schools and schools under the Direct Subsidy Scheme in order to facilitate students to make use of the information technology for independent learning in schools.

6. Mr. Chairman, my colleagues and I will be happy to answer questions from Members.

Education Bureau
4 April 2014